B&A Buys & Associates, Inc.
Environmental Consultants

300 E. Mineral Ave., Suite 10
Littleton, CO 80122-2631
303/781-8211 303/781-1167 Fax

September 1, 2006

Mrs. Diana Whitney
State of Utah
Division of Oil Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Application for Permit to Drill—Fellows Energy, LTD
Gordon Creek, State 3-20-14-8 1,229' FSL, 667' FWL, SW/4 SW/4,
Section 20, T14S, R8E, SLB&M, Carbon County, Utah

Dear Mrs. Whitney:

On behalf of Fellows Energy, LTD (Fellows), Buys & Associates, Inc. respectfully submits the enclosed original and one copy of the Application for Permit to Drill (APD) for the above referenced State administered vertical well. A request for exception to spacing (R649-3-2) is hereby requested based on topography since the well is located less than 460' of the drilling unit boundary. Fellows is the only owner and operator within 460' of the proposed well. Included with the APD is the following supplemental information:

Exhibit "A" - Survey plats, layouts and cross-sections of the proposed well site;

Exhibit "B" - Proposed location maps with access and utility corridors;

Exhibit "C" - Drilling Plan;

Exhibit "D" - Surface Use Plan;

Exhibit "E" - Typical BOP and Choke Manifold diagram.

Please accept this letter as Fellows written request for confidential treatment of all information contained in and pertaining to this application.

Thank you very much for your timely consideration of this application. Please feel free to contact myself or Steven Prince of Fellows at 435-636-4492 if you have any questions or need additional information.

Sincerely,

Don Hamilton

Don Hamilton
Agent for Fellows

cc: Steven Prince, Fellows

ORIGINAL

CONFIDENTIAL

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL

5. MINERAL LEASE NO: ML- 46539	6. SURFACE: State
7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
8. UNIT or CA AGREEMENT NAME: N/A	
9. WELL NAME and NUMBER: Gordon Creek, State 3-20-14-8	
10. FIELD AND POOL, OR WILDCAT: Gordon Creek 2c	
11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSW 20 14 8 S	
12. COUNTY: Carbon	13. STATE: UTAH

1A. TYPE OF WORK: DRILL ☑ REENTER ☐ DEEPEN ☐

B. TYPE OF WELL: OIL ☐ GAS ☑ OTHER _____ SINGLE ZONE ☑ MULTIPLE ZONE ☐

2. NAME OF OPERATOR: Fellows Energy, LTD

3. ADDRESS OF OPERATOR: 807 N Pinewood Circle CITY Price STATE UT ZIP 84501 PHONE NUMBER: (435) 636-4492

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 1,229' FSL, 667' FWL 495047 X 39.589216
AT PROPOSED PRODUCING ZONE: Same 4381958 Y -111.057685

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 13.25 miles northwest of Price, Utah

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): 1,980'	16. NUMBER OF ACRES IN LEASE: 2,153.27	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): 1,850'	19. PROPOSED DEPTH: 4,000	20. BOND DESCRIPTION: Blanket B32644629
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7,463' GR	22. APPROXIMATE DATE WORK WILL START: 10/1/2006	23. ESTIMATED DURATION: 6 months

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12-1/4"	8-5/8" J-55 ST 24 #	2,000	Class G	825 ~~300~~ sacks	1.15 cu.ft/sk	15.8 ppg
7-7/8"	5-1/2" J-55 ST 15.5 #	4,000	50/50 Poz	230 sacks	2.08 cu.ft/sk	12.5 ppg
			10-1 RFC	395 sacks	1.61 cu.ft/sk	14.2 ppg

PAD

25. **ATTACHMENTS**

ORIGINAL

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

☑ WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
☐ EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
☑ COMPLETE DRILLING PLAN
☐ FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

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NAME (PLEASE PRINT) Don Hamilton TITLE Agent for Fellows Energy, LTD

SIGNATURE Don Hamilton DATE 9/1/2006

(This space for State use only)

API NUMBER ASSIGNED: 43-007-31233

Approved by the
Utah Division of
Oil, Gas and Mining

RECEIVED
SEP 08 2006
DIV. OF OIL, GAS & MINING

(See Instructions on Reverse Side)

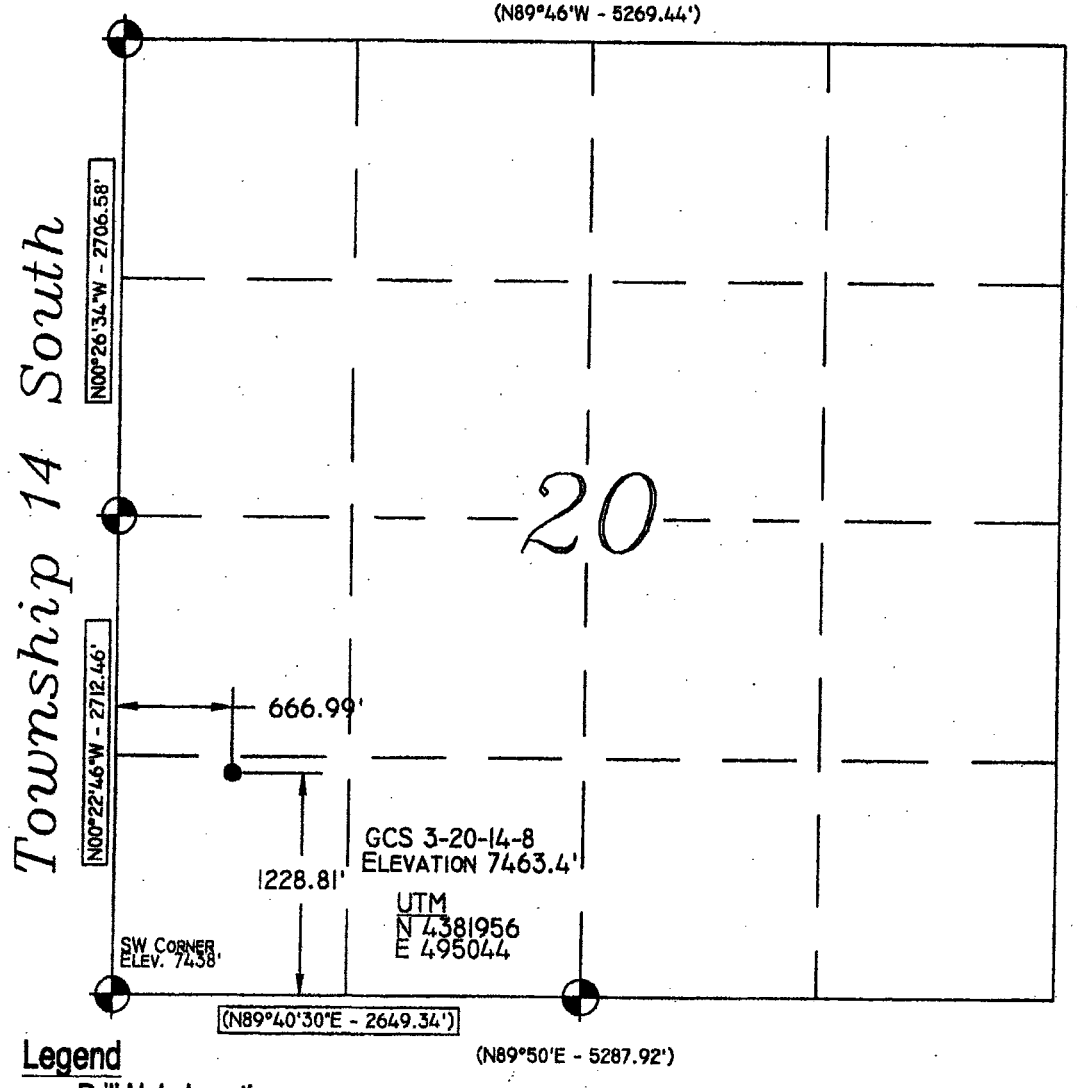
(11/2001)

Date: 04-19-07

By: _____

Range 8 East

Township 14 South



Legend

- Drill Hole Location
- Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- Calculated Corner
- ( ) GLO
- GPS Measured

NOTES:
1. UTM AND LATITUDE / LONGITUDE COORDINATES ARE DERIVED USING A GPS PATHFINDER AND ARE SHOWN IN NAD 27 DATUM.

LAT / LONG
39°35'21"N
111°03'28"W

ORIGINAL

GRAPHIC SCALE
0 500' 1000'
(IN FEET)
1 inch = 1000 ft.

Location:
THE WELL LOCATION WAS DETERMINED USING A TRIMBLE 4700 GPS SURVEY GRADE UNIT.

Basis of Bearing:
THE BASIS OF BEARING IS GPS MEASURED.

GLO Bearing:
THE BEARINGS INDICATED ARE PER THE RECORDED PLAT OBTAINED FROM THE U.S. LAND OFFICE.

Basis of Elevation:
BASIS OF ELEVATION OF 7438' BEING AT THE SOUTHWEST SECTION CORNER OF SECTION 20, TOWNSHIP 14 SOUTH, RANGE 8 EAST, SALT LAKE BASE AND MERIDIAN, AS SHOWN ON THE WATTIS QUADRANGLE 7.5 MINUTE SERIES MAP.

Description of Location:
PROPOSED DRILL HOLE LOCATED IN THE SW1/4 SW1/4 OF SECTION 20, T14S, R8E, S.L.B.&M., BEING 1228.81' NORTH AND 666.99' EAST FROM THE SOUTHWEST CORNER OF SECTION 20, T14S, R8E, SALT LAKE BASE & MERIDIAN.

Surveyor's Certificate:
I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.

REGISTERED LAND SURVEYOR
1-30-03
No. 146652
Albert J. Spensko
STATE OF UTAH

Talon Resources, Inc.
195 N. 100 W., P.O. Box 1230
Huntington, Utah 84528
Ph: 435-687-5310
Fax: 435-687-5311

KLABZUBA OIL & GAS
GCS 3-20-14-8
Section 20, T14S, R8E, S.L.B.&M.
Carbon County, Utah

Drawn By:	Checked By:
J. STANSFIELD	L.W.J. / A.J.S.
Drawing No.	Date:
A-1	01/30/03
	Scale: 1" = 1000'
Sheet 1 of 1	Job No. 877

EXHIBIT "D"
Drilling Program

Attached to UDOGM Form 3
Fellows Energy, LTD
Gordon Creek, State 3-20-14-8
SW/4 SW/4, Sec. 20, T14S, R8E, SLB & M
1,229' FSL, 667' FWL
Carbon County, Utah

1. The Geologic Surface Formation

Emery Sandstone Member of the Mancos Shale

2. Estimated Tops of Important Geologic Markers

	MD
Mancos Blue Gate Marker	3,325'

3. Projected Gas & Water Zones

Mancos Gas Zone:	2,100' – 2,875'
Ferron Sands:	3,420' – 3,740'

Groundwater may be encountered within the Emery Sandstone Member of the Mancos Shale. Water encountered will be reported on a Form 7 "Report of Water Encountered During Drilling".

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits. All indications of usable water will be reported.

Surface casing will be tested to 2000 psi.

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4. The Proposed Casing and Cementing Programs

HOLE SIZE	SETTING DEPTH (INTERVAL)	SIZE (OD)	WEIGHT,GRADE & JOINT	CONDITION
12–1/4"	2000'	8-5/8"	24# J-55 ST&C	New
7-7/8"	2000' – TD (±4000')	5-1/2"	15.50# J-55 ST&C	New

Cement Program –

Surface Casing: ~~300~~ 225 sacks G + 2 % $CaCl_2$ + 0.25 pps cellophane flakes;

Weight: 15.8 #/gal
Yield: 1.15 cu.ft/sk
Excess: 125%

DKD

Production Casing: 230 sacks 50/50 pozmix + 8% gel +10% salt + 0.25 pps cellophane flake

Weight: 12.5 #/gal
Yield: 2.08 cu.ft/sk
Excess: 25%

395 sacks 10-1 RFC with 0.25 pps cellophane flakes

Weight: 14.2 #/gal
Yield: 1.61 cu.ft/sk
Excess: 25%

The following shall be entered in the driller's log:

1) Blowout preventer pressure tests, including test pressures and results;

2) Blowout preventer tests for proper functioning;

3) Blowout prevention drills conducted;

4) Casing run, including size, grade, weight, and depth set;

5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.;

6) Waiting on cement time for each casing string;

7) Casing pressure tests after cementing, including test pressures and results.

5. The Operator's Minimum Specifications for Pressure Control

Exhibit "G" is a schematic diagram of the blowout preventer equipment. A double gate 2000 psi BOP will be used with a rotating head. This equipment will be tested to 2000 psi. All tests will be recorded in a Driller's Report Book. Physical operation of BOP's will be checked on each trip.

6. The Type and Characteristics of the Proposed Circulating Muds

0-2000	12-1/4" hole	Drill with air, will mud-up if necessary.
2000-TD	7-7/8" hole	Drill with air, will mud-up if necessary. 500 psi @ 1500-2300 Scf.

7. The Testing, Logging and Coring Programs are as followed

2000-TD Gamma Ray, Density, Neutron Porosity, Induction, Caliper

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in The area nor at the depths anticipated in this well. Bottom hole pressure expected is 1000 psi max. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled approx.: October 2006.

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

(a) prior to beginning construction;

(b) prior to spudding;

(c) prior to running any casing or BOP tests;

(d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.

EXHIBIT "E"
Multipoint Surface Use Plan

Attached to UDOGM Form 3
Fellows Energy, LTD
Gordon Creek, State 3-20-14-8
SW/4 SW/4, Sec. 20, T14S, R8E, SLB & M
1,229' FSL, 667' FWL
Carbon County, Utah

1. **Existing Roads**

   a. The proposed access road will encroach the gravel-surfaced Haley Canyon Road under Carbon County Mainteance in which approval to utilize and encroach has been applied for and is pending approval. The new approach is located opposite the present Main Pipeline terminus (see Exhibit "B").

   b. We do not plan to change, alter or improve upon any other existing state or county roads. Existing roads will be maintained in the same or better condition.

2. **Planned Access**

   a. Approximately 0.50 miles of new access will be required (see Exhibit "B").

   b. Maximum Width: 20' travel surface with a 27' base.

   c. Maximum grade: 13%.

   d. Turnouts: None.

   e. Drainage design: approximately 3 – 18" culverts may be required. Water will be diverted away from the planned access as necessary and practical.

   f. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.

3. **Location of Existing Wells**

   a. There is one proposed well and nine existing wells within a one mile radius of the proposed well site (see Exhibit "B").

4. **Location of Existing and/or Proposed Facilities**

   a. If the well is a producer, installation of production facilities will follow.

   b. Buried powerlines and gathering lines will follow the proposed access road to the existing Main Pipeline terminus (see Exhibit "B").

   c. Rehabilitation of all pad areas not used for production facilities will be made in accordance with landowner stipulations.

5. **Location and Type of Water Supply**

   a. Water to be used for drilling and completion activities will be obtained from the existing water well near the Gordon Creek Unit #1 (Provisional Well Number 02-91-002P00) or obtained through a direct purchase from Price River Water Improvement District, a local, municiple source of culinary water.

   b. Water is obtained from the well will be properly permited with the Utah State Division of Water Rights and a copy of the permit and pertinent information supplied to the Utah Division of Oil, Gas and Mining.

   c. Water will be transported by truck over approved access roads.

   d. No new water well is to be drilled for this location.

6. **Source of Construction Materials**

   a. All necessary construction materials needed will be obtained locally and hauled to the location on existing roads.

   b. No construction or surfacing materials will be taken from Federal/Indian land.

7. **Methods for Handling Waste Disposal**

a. Since the well will be air drilled, a small reserve pit will be constructed with a minimum of one-half the total depth below the original ground surface on the lowest point within the pit. The pit will not be lined unless conditions encountered during construction warrant it or if deemed necessary by the DOGM representative during the pre-site inspection. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operation cease with four strands of barbed wire, or woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.

b. Following drilling, the liquid waste will be evaporated from the pit and the pit backfilled and returned to natural grade. No liquid hydrocarbons will be discharged to the reserve pit or pad location.

c. In the event fluids are produced, any oil will be retained in tankage until sold and any water produced will be retained until its quality can be determined. The quality and quantity of the water will determine the method of disposal.

d. Trash will be contained in a portable metal container and will be hauled from location periodically and disposed of at an approved disposal site. Chemical toilets will be placed on location and sewage will be disposed of at an appropriate disposal site.

8. **Ancillary Facilities**

a. We anticipate no need for ancillary facilities with the exception of trailers to be located on the drill site.

9. **Wellsite Layout**

a. Available topsoil will be removed from the location and stockpiled. The location of mud tanks, reserve and bermed pits, and soil stockpiles will be located as shown on Exhibit "C".

b. A blooie pit will be located 100' from the drill hole. A line will be placed on the surface from the center hole to the flare pit. The flare pit will not be lined, but will be fenced on four sides to protect livestock/wildlife.

c. Access to the well pad will be as shown on Exhibit "B".

d. Natural runoff will be diverted around the well pad.

10. **Plans for Restoration of Surface**

a. All surface areas not required for producing operations will be graded to as near original condition as possible and recontoured to minimize possible erosion.

b. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the landowner.

c. Pits and any other area that would present a hazard to wildlife or livestock will be fenced off when the rig is released and removed.

d. Any oil accumulation on the pit will be removed or overhead flagged as dictated by the existing conditions.

e. Rehabilitation will commence following completion of the well. Holes will be filled immediately upon release of the drilling rig from the location. If the wellsite is to be abandoned, all disturbed areas will be recontoured.

11. **Surface Ownership**

a. The wellsite will be constructed on lands owned by the School and Institutional Trust Lands Administration, 675 East 500 South, SLC, Utah 84102-2818; 801-538-5100. The operator shall contact the landowner and the Division of Oil, Gas and Mining 48 hours prior to beginning construction activities.

12. **Other Information**:

a. The primary surface use is wildlife habitat. The nearest dwelling is approximately 6.12 miles east. Nearest live water is First Water Creek approximately 0.52 miles south.

b. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed, and piled downhill from the topsoil stockpile location.

c. The backslope and foreslope will be constructed no steeper than 4:1.

d. All equipment and vehicles will be confined to the access road and well pad.

e. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations, shall be at the well site during construction and drilling operations.

f. There will be no deviation from the proposed construction, drilling, and/or workover program without prior approval from the Division of Oil, Gas & Mining.

13. **Company Representative**

Steven Prince
Fellows Energy
807 North Pinewood Circle,
Price, Utah 84501
1-435-636-4492

Agent
Don Hamilton
Buys & Associates, Inc.
2580 Creekview Road
Moab, Utah 84532
435-719-2018

Mail Approved A.P.D. To:
Agent

14. **Certification**

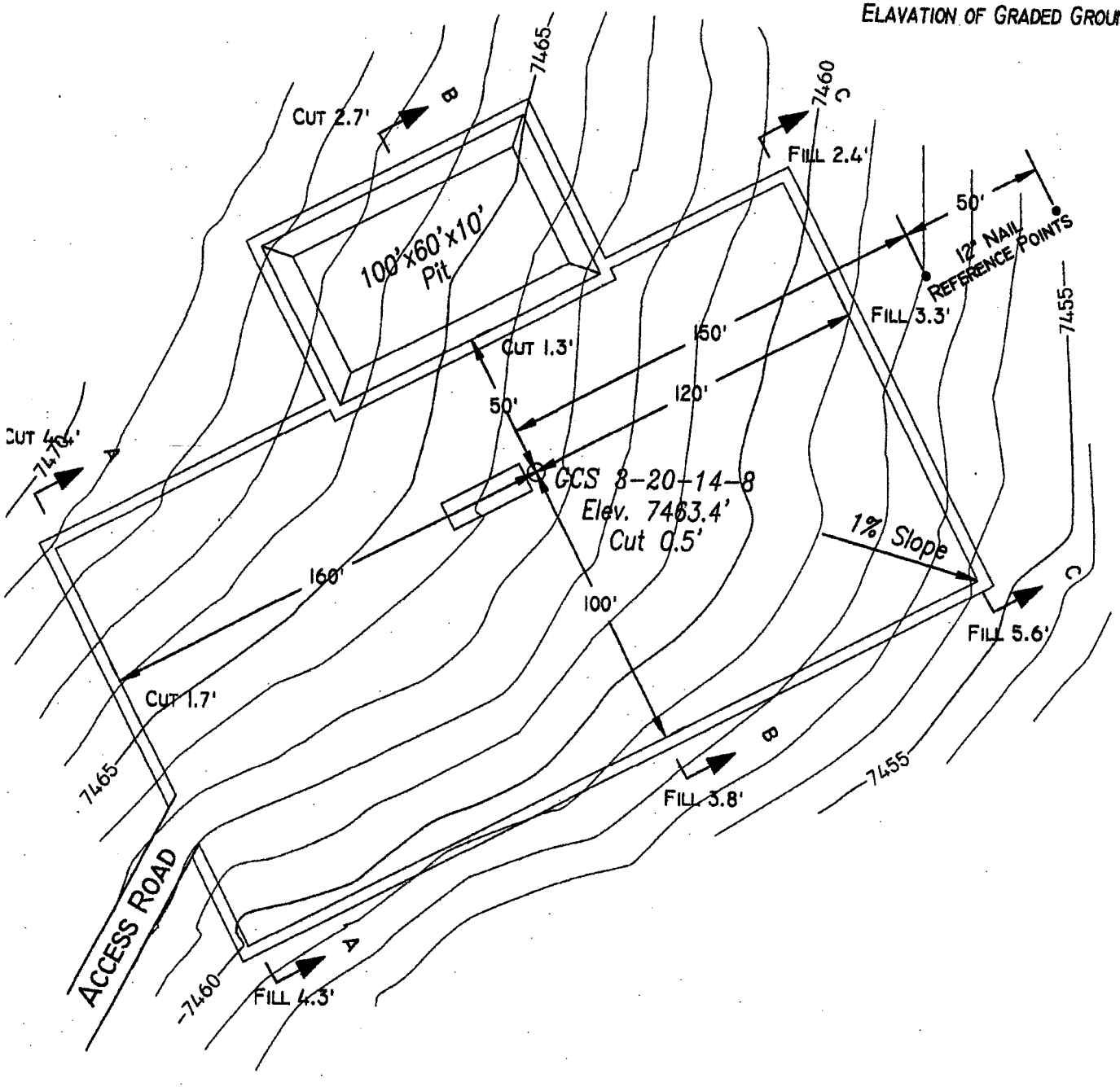
I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by Fellows Energy, LTD and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

9-1-06
Date

Don Hamilton
Don Hamilton
Agent for Fellows Energy, LTD

ORIGINAL

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 7463.4'
ELAVATION OF GRADED GROUND AT LOCATION STAKE = 7462.6'



TALON RESOURCES, INC.
195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talonsetv.net

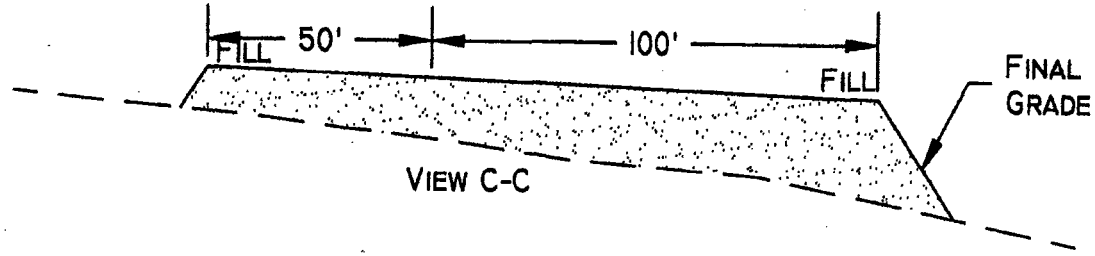
KLABZUBA OIL & GAS

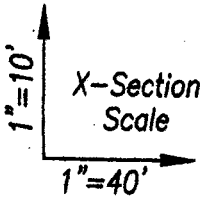
LOCATION LAYOUT

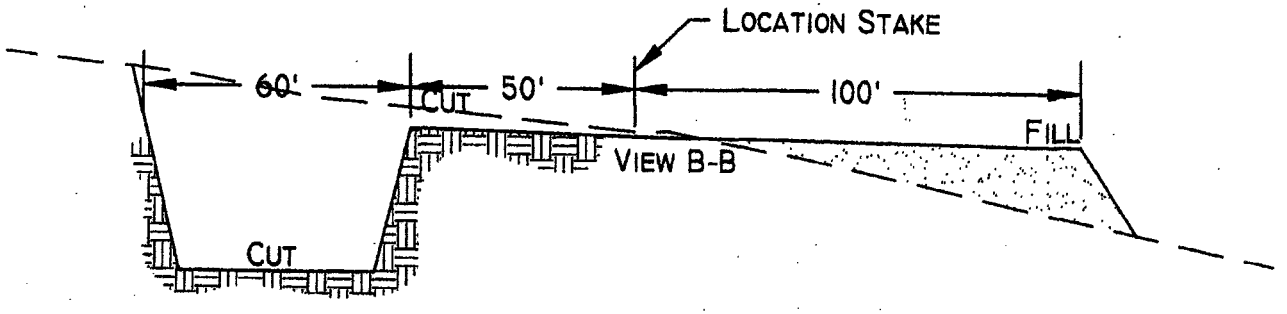
Section 20, T14S, R8E, S.L.B.&M.

GCS 3-20-14-8

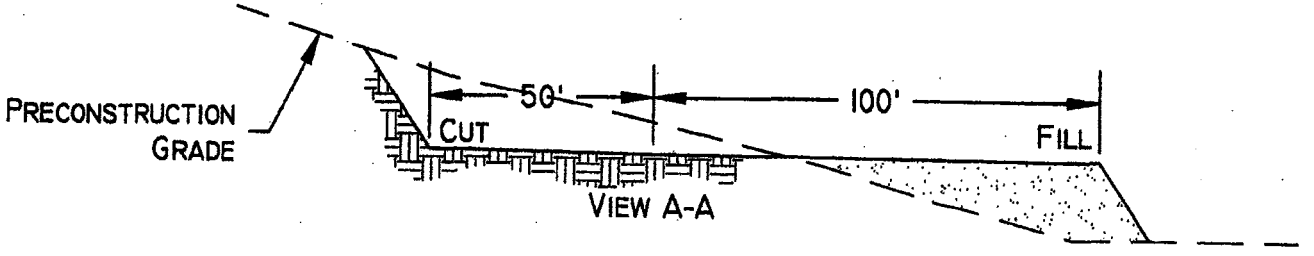
Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. A-2	Date: 01/30/03
	Scale: 1" = 50'
Sheet 2 of 4	Job No. 877







SLOPE = 1 1/2 : 1
(EXCEPT PIT)
PIT SLOPE = 1 ; 1

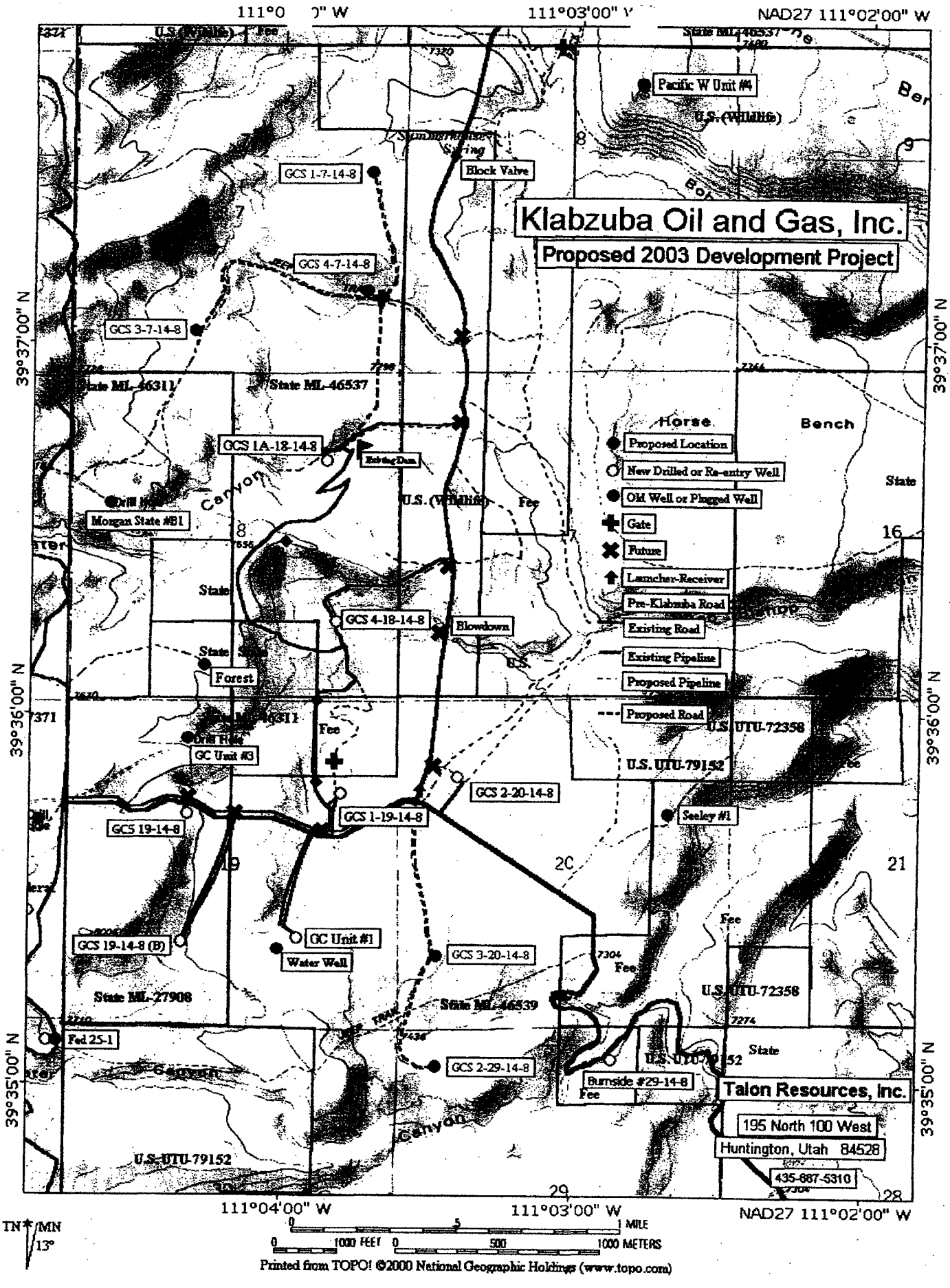


PPROXIMATE YARDAGES
UT
")TOPSOIL STRIPPING = 750 CU. YDS.
EMAINING LOCATION = 740 CU, YDS.
TOTAL CUT = 2,740 CU. YDS.
TOTAL FILL = 2,630 CU. YDS.

TALON RESOURCES, INC
195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon@etv.net

KLABZUBA OIL & GAS
TYPICAL CROSS SECTION
Section 20, T14S, R8E, S.L.B.&M.
GCS 3-20-14-8

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. C-1	Date: 01/30/03
	Scale: 1" = 40'
Sheet 3 of 4	Job No. 877


Klabzuba Oil and Gas, Inc.
Proposed 2003 Development Project
111°04'00" W
111°03'00" W
NAD27 111°02'00" W
39°37'00" N
39°36'00" N
39°35'00" N
GCS 1-7-14-8
GCS 4-7-14-8
GCS 3-7-14-8
GCS 1A-18-14-8
GCS 4-18-14-8
GCS 1-19-14-8
GCS 2-20-14-8
GCS 3-20-14-8
GCS 2-29-14-8
GCS 19-14-8
GCS 19-14-8 (B)
Block Valve
Existing Dam
Blowdown
Pacific W Unit #4
Morgan State #B1
GC Unit #3
GC Unit #1
Water Well
Seeley #1
Burnside #29-14-8
Fed 25-1
State ML-46311
State ML-46537
State ML-27908
State ML-46539
U.S. UTU-72358
U.S. UTU-79152
U.S. (Wildlife)
Fee
State
Forest
Horse Bench
Proposed Location
New Drilled or Re-entry Well
Old Well or Plugged Well
Gate
Future
Launcher-Receiver
Pre-Klabzuba Road
Existing Road
Existing Pipeline
Proposed Pipeline
Proposed Road
Talon Resources, Inc.
195 North 100 West
Huntington, Utah 84528
435-687-5310
TN 13° MN
0 5 1 MILE
0 1000 FEET 0 500 1000 METERS
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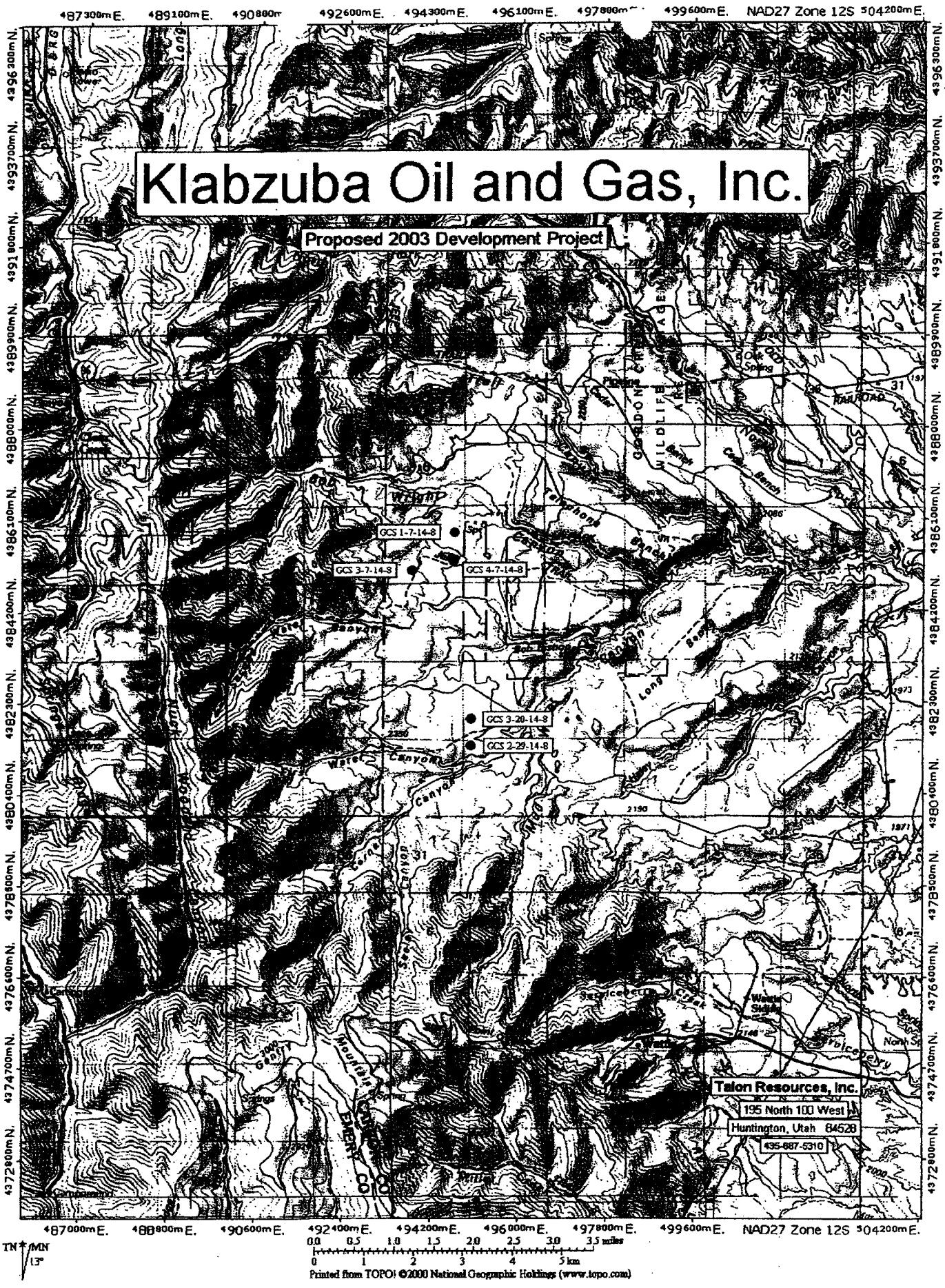
Klabzuba Oil and Gas, Inc.
Proposed 2003 Development Project
GCS 1-7-14-8
GCS 3-7-14-8
GCS 4-7-14-8
GCS 3-20-14-8
GCS 2-29-14-8
Talon Resources, Inc.
195 North 100 West
Huntington, Utah 84528
435-687-5310
NAD27 Zone 12S
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BOP Equipment

3000psi WP

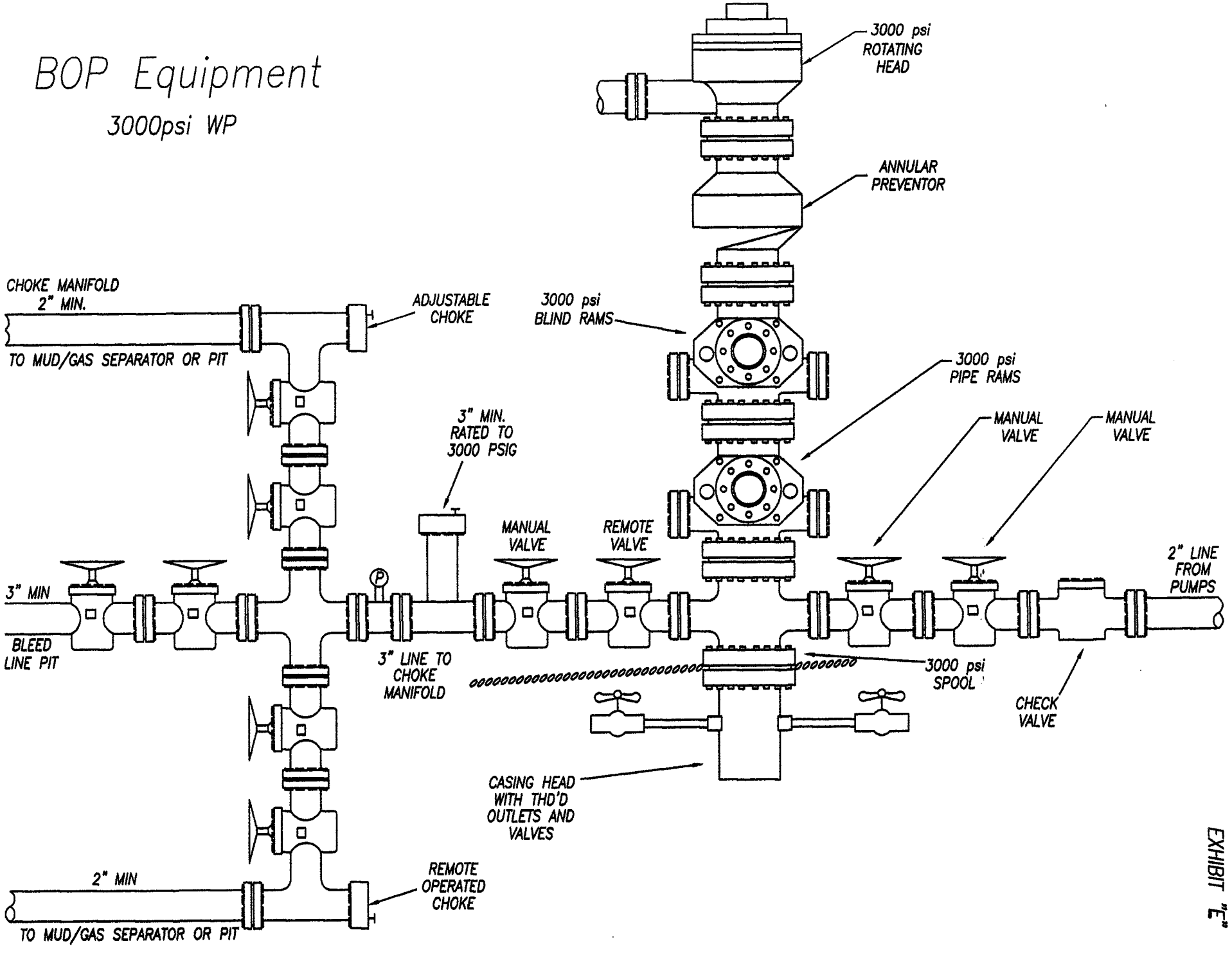


EXHIBIT "E"

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 09/08/2006

API NO. ASSIGNED: 43-007-31233

WELL NAME: GORDON CREEK ST 3-20-14-8

OPERATOR: FELLOWS ENERGY LTD (N2560)

PHONE NUMBER: 435-636-4492

CONTACT: DON HAMILTON

PROPOSED LOCATION:

SWSW 20 140S 080E

SURFACE: 1229 FSL 0667 FWL

BOTTOM: 1229 FSL 0667 FWL

COUNTY: CARBON

LATITUDE: 39.58922 LONGITUDE: -111.0577

UTM SURF EASTINGS: 495047 NORTHINGS: 4381958

FIELD NAME: GORDON CREEK (20)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DKD	4/18/07
Geology		
Surface		

LEASE TYPE: 3 - State

LEASE NUMBER: ML-46539

SURFACE OWNER: 3 - State

PROPOSED FORMATION: FRSD

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

✓ Plat

✓ Bond: Fed[] Ind[] Sta[] Fee[]
(No. RLB0009012)

N Potash (Y/N)

N Oil Shale 190-5 (B) or 190-3 or 190-13

✓ Water Permit
(No. MUNICIPAL)

N RDCC Review (Y/N)
(Date:)

N/A Fee Surf Agreement (Y/N)

N/A Intent to Commingle (Y/N)

LOCATION AND SITING:

___ R649-2-3.

Unit: ___

___ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells

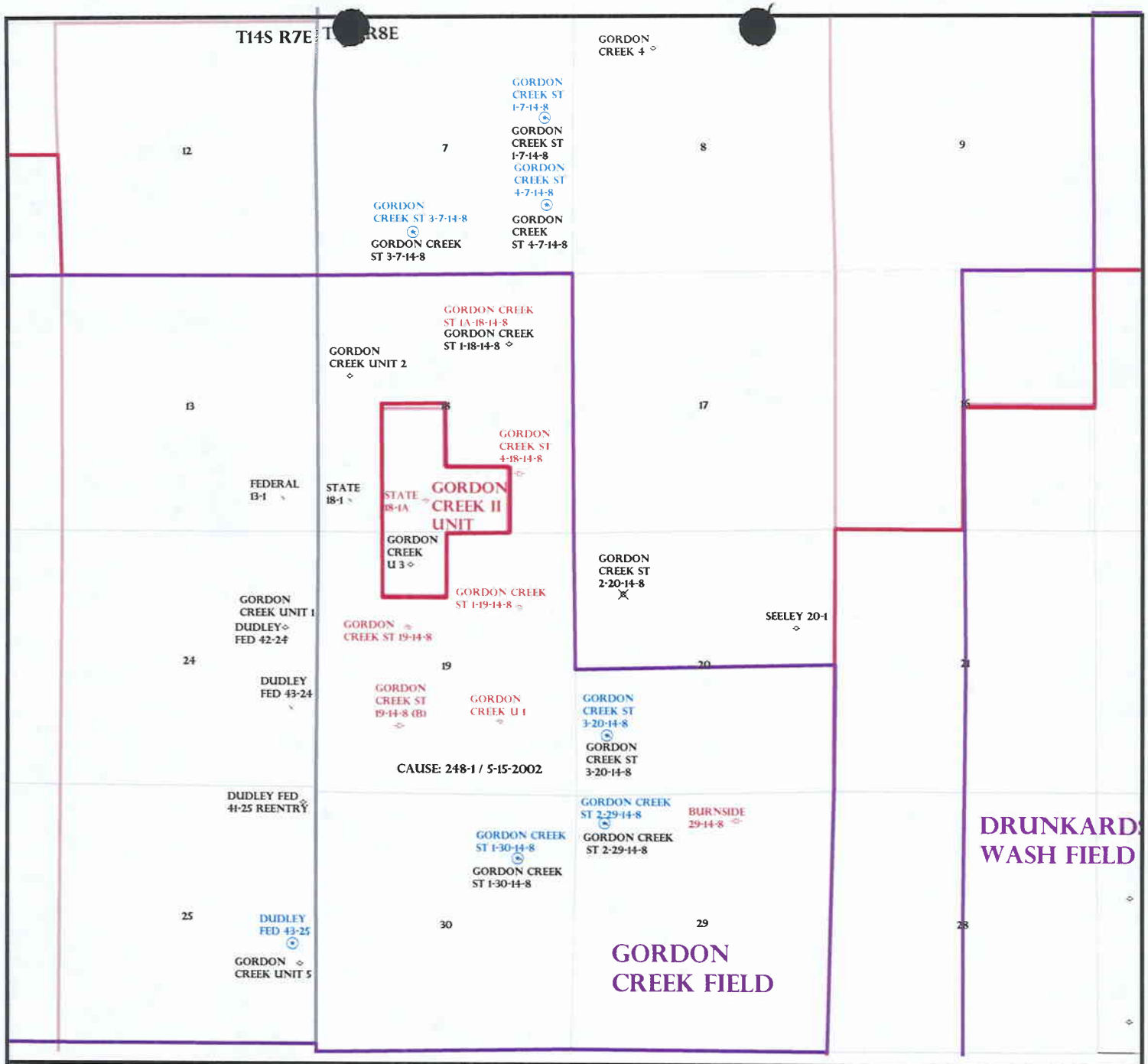
___ R649-3-3. Exception

✓ Drilling Unit
Board Cause No: 248-1
Eff Date: 5-15-02
Siting: 460' fr Qtr Qtr & 920' fr other wells

___ R649-3-11. Directional Drill

COMMENTS: Needs Presite (10-12-06)

STIPULATIONS: 1- STATEMENT OF BASIS
2- Surface Csg Cmt Stip



OPERATOR: FELLOWS ENERGY LTD (N2560)

SEC: 20,29,30 T.14S R. 8E

FIELD: GORDON CREEK (20)

COUNTY: CARBON

CAUSE: 248-1 / 5-15-2002

Field Status
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status
- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status
- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING

Utah Oil Gas and Mining

N
W E
S

PREPARED BY: DIANA WHITNEY
DATE: 15-SEPTEMBER-2006

Application for Permit to Drill
Statement of Basis

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
98	43-007-31233-00-00		GW	S	No

Operator FELLOWS ENERGY LTD **Surface Owner-APD**
Well Name GORDON CREEK ST 3-20-14-8 **Unit**
Field UNDESIGNATED **Type of Work**
Location SWSW 20 14S 8E S 0 F L 0 F L GPS Coord (UTM) 495047E 4381958N

Geologic Statement of Basis

This location is on the foot wall of a small, north-south trending graben valley, the west-side bounding fault of which is mapped ~950' west. The silty, poorly permeable soil is developed on the Upper Portion of the Blue Gate Member of the Mancos Shale. Several units of the Emery Sandstone Member of the Mancos Shale are likely to be present at this location. If the Garley Canyon Sandstone and other superjacent units of the Emery Sandstone Member are present (probable) and wet (possible - standing water was found in upper Garley Canyon Beds in Pinnacle Canyon ~6 miles east), these strata should be included within the interval protected by the surface casing string. The operator should be informed of the likelihood of these units being saturated with high quality ground water and respond to protect the zones by extending the surface casing string as needed. Extending the proposed casing and cement will adequately isolate any shallow zones containing water. Three underground water rights existed within a mile of this location but all were terminated. To summarize, there are three water wells, one as deep as 500' and most likely into or through the Emery Sandstone, within a mile of the location, none of which currently have active filed water rights. The three wells are within about 600' of one another and were owned separately by three distinct parties, two of which are state agencies, DWR, SITLA and a private individual. While the exact circumstances that engendered the termination of the water rights are uncertain at present, Water Rights records seem to indicate that DWR protested the other two filings resulting in their termination. DWR subsequently permitted their own water right to lapse and terminate for some reason. It is recommended that these wells be considered as if they were existing subsurface water rights as regards considerations of maintanence of water quality and the planning of casing and cementing programs.

Chris Kierst 11/17/2006
APD Evaluator **Date / Time**

Surface Statement of Basis

Pe-site conducted October 12, 2006. Present: Bart Kettle (DOGM), Nathan Sill (DWR), Jim Davis (SITLA) and Steve Prince (Fellows Energy).

Division of Wildlife Resources (DWR) stated that project site is considered crucial deer and elk winter range and recommends winter closures (Dec 1-April 15). Project site is considered Sage Grouse brooding range, DWR not recommending closures at this time. DWR requesting contributions from Fellows Energy to the Habitat Mitigation Fund as set forth by the Price River EIS. Division of Oil, Gas and Mining (DOGM) requiring that all drilling and completion activities be restricted to permitted access road and well pad.

Bart Kettle 10/12/2006
Onsite Evaluator **Date / Time**

Conditions of Approval / Application for Permit to Drill

Category	Condition
Surface	Drainages adjacent to the proposed pad shall be diverted around the location.
Surface	Drainages adjacent to the proposed pad shall be diverted around the location.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator FELLOWS ENERGY LTD
Well Name GORDON CREEK ST 3-20-14-8
API Number 43-007-31233-0 **APD No** 98 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 SWSW **Sec** 20 **Tw** 14S **Rng** 8E 0 F L 0 F L
GPS Coord (UTM) 495042 4381955 **Surface Owner**

Participants

Bart Kettle (DOGM), Steve Prince (Fellows Energy), Jim Davis (SITLA) and Nathan Sill (DWR).

Regional/Local Setting & Topography

Proposed project is ~13 miles northwest of Price, located in Carbon County Utah. Project site is surrounded by Mountain browse and P/J woodland rangelands. Regional topography is predominantly semi-arid rangelands dominated by clay based soils. Local topography consists of a series of sage benches cut by P/J and Mountain Browse washes and small canyons. Current uses included seasonal grazing, wildlife habitat, recreation, and oil and gas development. Grazing is conducted in late spring and early fall as livestock are moved from agriculture fields to National Forest lands. The project is located along Water Canyon in a 14-16" precept zone. Soils in this zone are poor to moderately developed and tend to be highly erosive when disturbed. There were no perennial streams or springs observed in close proximity to the project site.

Surface Use Plan

Current Surface Use
Wildlfe Habitat
Grazing
Deer Winter Range

New Road Miles	Well Pad		Src Const Material	Surface Formation
0.5	**Width** 150	**Length** 280	Onsite	EMMA

Ancillary Facilities N
No ancilly facilites planned

Waste Management Plan Adequate?

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Forbs: Western salsify, long leaf phlox, spiny phlox, pholox spp, and Palmer's penstemon.
Grass: Salina Rye, blue grama, muttongrass, Junegrass, Letterman's needle grass, cheatgrass, Sandburg's bluegrass and bottlebrush squirrel tail.
Shrubs: Douglas rabbit brush, Wyoming sage, black sage, birch leaf mahogany, Utah service berry, broom snake weed, buckwheat spp, and common snowberry.
Trees: Rocky Mountain Juniper

Soil Type and Characteristics

Light Brown Sandy Clay loam

Erosion Issues Y

Site slightly erosive, if proper reclamation not completed.

Sedimentation Issues N

Site Stability Issues N

Drainage Diverson Required N

Berm Required? Y

Erosion Sedimentation Control Required? N

Paleo Survey Run? N **Paleo Potental Observed?** N **Cultural Survey Run?** **Cultural Resources?**

Reserve Pit

Site-Specific Factors		Site Ranking
Distance to Groundwater (feet)	>200	0
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	Mod permeability	10
Fluid Type	Air/mist	0
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	10 to 20	5
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0
	Final Score	15 2 **Sensitivity Level**

Characteristics / Requirements

Reserve pit staked in cut, soils at the surface are a Sandy Clay Loam, moderately permeable. Provided operator anticipates mudding up to drill hole reserve pit should be lined. As planned to drill with air a pit liner will remain optional.

Closed Loop Mud Required? N **Liner Required?** **Liner Thickness** 12 **Pit Underlayment Required?** N

Other Observations / Comments

Division of Wildlife Resources (DWR) stated that project site is considered crucial deer and elk winter range and recommends winter closures according to Price EIS (Dec 1-April 15) written by the Bureau of Land Management (BLM). Project site is considered Sage Grouse brooding range, DWR not recommending closures at this time. DWR requesting contributions from Fellows Energy to the Habitat Mitigation Fund as set forth by the Price River EIS. State Institute of Trust Lands Administration (SITLA) providing no comments for project site. Division of Oil, Gas and Mining (DOGM) requiring that all drilling and completion activities be restricted to permitted access road and well pad. DOGM recommending raised bed access road be built to help mitigate long term erosion and sedimentation problems. Proper re-vegetation will be required for disturbed sites to limit short term erosion problems.

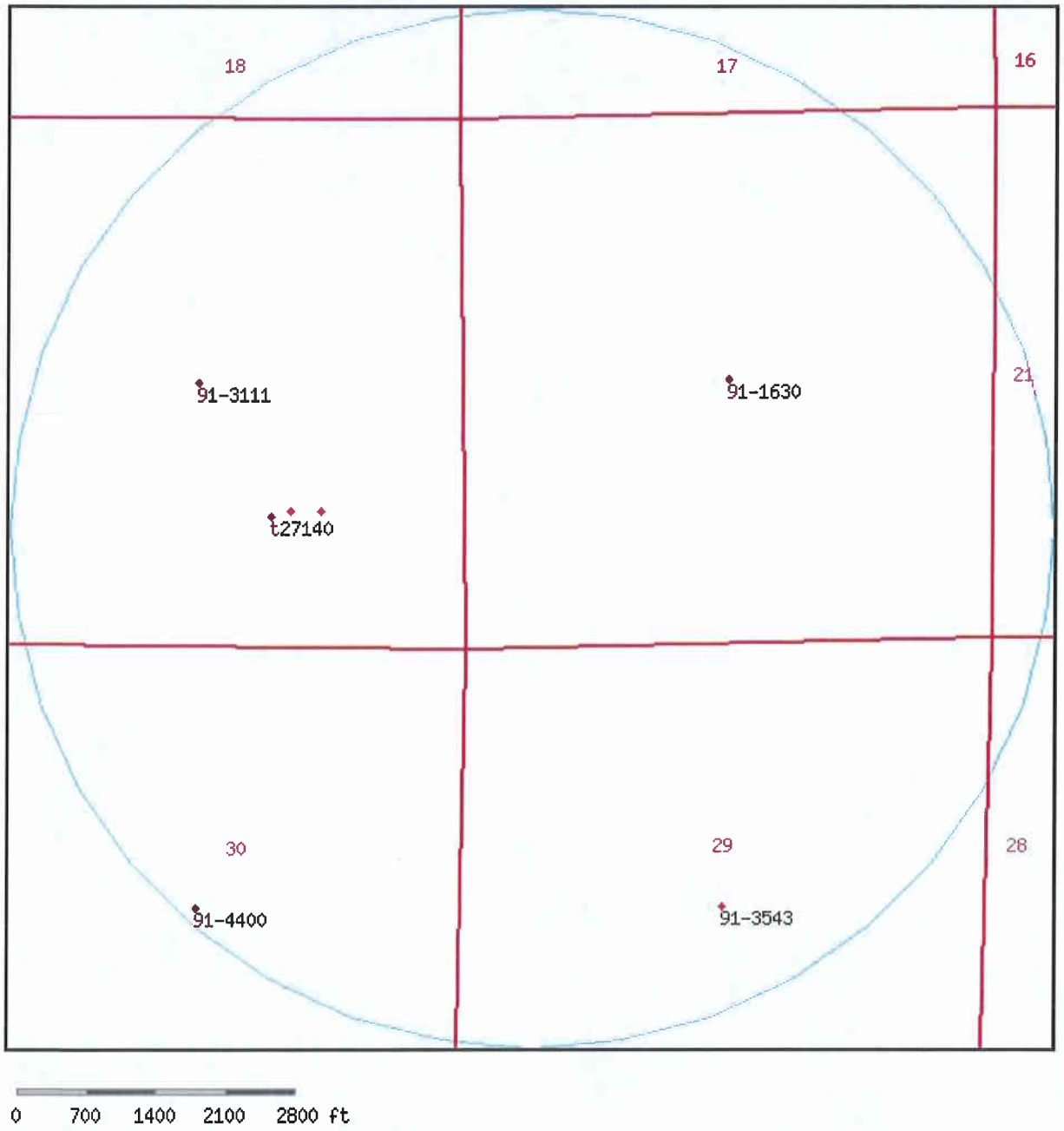
Bart Kettle — **Evaluator**

10/12/2006 — **Date / Time**

WRPLAT Program Output Listing

Version: 2006.11.17.00 Rundate: 11/17/2006 04:01 PM

Radius search of 5280 feet from a point N1229 E667 from the SW corner, section 20, Township 14S, Range 8E, SL b&m Criteria:wrtypes=W,C,E podtypes=all status=all usetypes=all



Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
91-1168	Point to Point N660 W660 SE 20 14S 8E SL		P	18690000	S	0.000	0.000	RAY JORGENSEN CASTLE DALE UT 84513
91-1171	Point to Point S660 W660 E4 20 14S 8E SL		P	18690000	S	0.011	0.000	RAY JORGENSEN CASTLE DALE UT 84513
91-1178	Point to Point N660 W660 SE 20 14S 8E SL		P	18690000	S	0.011	0.000	RAY JORGENSEN CASTLE DALE UT 84518
91-1179	Point to Point N660 W660 SE 20 14S 8E SL		P	18690000	S	0.011	0.000	RAY JORGENSEN CASTLE DALE UT 84518
91-1180	Point to Point N660 W660 SE 20 14S 8E SL		P	18690000	S	0.011	0.000	RAY JORGENSEN UT
91-1601	Point to Point N660 W660 SE 20 14S 8E SL		P	18690000	S	0.000	0.000	JOHN L. JORGENSEN UT
91-1603	Point to Point S660 W660 E4 20 14S 8E SL		P	18690000	S	0.011	0.000	JOHN L. JORGENSEN UT
91-1604	Point to Point N660 W660 SE 20 14S 8E SL		P	18690000	S	0.011	0.000	JOHN L. JORGENSEN UT
91-1605	Point to Point N660 W660 SE 20 14S 8E SL		P	18690000	S	0.011	0.000	JOHN L. JORGENSEN UT
91-1606	Point to Point N660 W660 SE 20 14S 8E SL		P	18690000	S	0.011	0.000	JOHN L. JORGENSEN UT
91-1609	Point to Point N660 W660 SE 20 14S 8E SL		P	18690000	S	0.000	0.000	JOSEPH C. JORGENSEN CASTLE DALE UT 84513

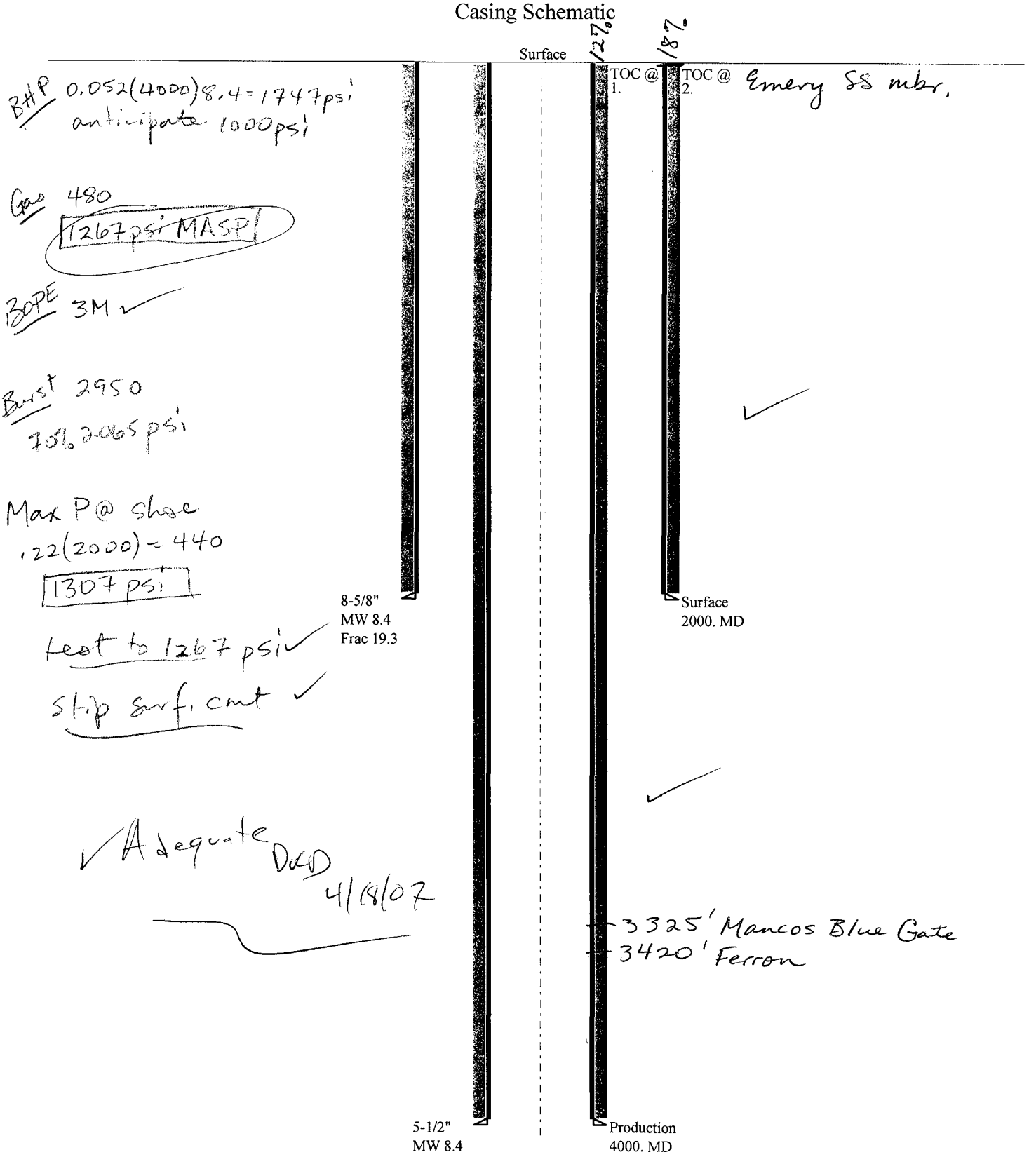
91-1611	Point to Point S660 W660 E4 20 14S 8E SL	P	18690000 S	0.011 0.000	JOSEPH C. JORGENSEN CASTLE DALE UT 84513
91-1612	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.011 0.000	JOSEPH C. JORGENSEN CASTLE DALE UT 84513
91-1613	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.011 0.000	JOSEPH C. JORGENSEN CASTLE DALE UT 84513
91-1614	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.011 0.000	JOSEPH C. JORGENSEN CASTLE DALE UT 84513
91-1617	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.000 0.000	A. GALE JORGENSEN CASTLE DALE UT 84513
91-1619	Point to Point S660 W660 E4 20 14S 8E SL	P	18690000 S	0.011 0.000	A. GALE JORGENSEN CASTLE DALE UT 84513
91-1620	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.011 0.000	A. GALE JORGENSEN CASTLE DALE UT 84513
91-1621	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.011 0.000	A. GALE JORGENSEN CASTLE DALE UT 84513
91-1622	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.011 0.000	A. GALE JORGENSEN CASTLE DALE UT 84513
91-1625	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.000 0.000	THERON DON JORGENSEN CASTLE DALE UT 84513
91-1627	Point to Point S660 W660 E4 20 14S 8E SL	P	18690000 S	0.011 0.000	THERON DON JORGENSEN CASTLE DALE UT 84513
91-1628	Point to Point N660 W660 SE 20 14S	P	18690000 S	0.011 0.000	THERON DON JORGENSEN CASTLE DALE UT 84513

	8E SL				
91-1629	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.011 0.000	THERON DON JORGENSEN CASTLE DALE UT 84513
91-1630	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.011 0.000	THERON DON JORGENSEN CASTLE DALE UT 84513
91-1655	Point to Point N660 W660 S4 30 14S 8E SL	P	18690000 S	0.000 0.000	SARAH MCVEY BURNSIDE HUNTINGTON UT 84528
91-1656	Point to Point S660 W1980 E4 30 14S 8E SL	P	18690000 S	0.000 0.000	SARAH MCVEY BURNSIDE HUNTINGTON UT 84528
91-1657	Point to Point S660 E660 N4 29 14S 8E SL	P	18690000 S	0.000 0.000	SARAH MCVEY BURNSIDE HUNTINGTON UT 84528
91-1658	Point to Point N660 W660 SE 29 14S 8E SL	P	18690000 S	0.011 0.000	SARAH MCVEY BURNSIDE HUNTINGTON UT 84528
91-1659	Point to Point N660 W660 SE 29 14S 8E SL	P	18690000 S	0.000 0.000	SARAH MCVEY BURNSIDE HUNTINGTON UT 84528
91-1660	Point to Point N660 W660 SE 29 14S 8E SL	P	18690000 S	0.000 0.000	SARAH MCVEY BURNSIDE HUNTINGTON UT 84528
91-2704	Point to Point S660 E1980 W4 30 14S 8E SL	P	18690000 S	0.000 0.000	PRICE FIELD OFFICE USA BUREAU OF LAND MANAGEMENT 125 SOUTH 600 WEST
91-3073	Point to Point N660 E660 W4 19 14S 8E SL	P	18690000 S	0.000 0.000	UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS ADMIN. 675 EAST 500 SOUTH, 5TH FLOOR
91-3096	Point to Point	P	18690000 S	0.000 0.000	UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS

					ADMIN.
	S660 W660 E4 29 14S 8E SL				675 EAST 500 SOUTH, 5TH FLOOR
91-3111	Point to Point	P	18690000 S	0.011 0.000	MILTON A. OMAN
	S660 W660 NE 19 14S 8E SL				717 CONTINENTAL BANK BUILDING
91-3543	Point to Point	P	18690000 S	0.000 0.000	SARAH MCVEY BURNSIDE
	S660 W660 NE 29 14S 8E SL				UT
91-3926	Point to Point	P	18690000 S	0.000 0.000	UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS ADMIN.
	N660 W660 E4 30 14S 8E SL				675 EAST 500 SOUTH, 5TH FLOOR
91-4400	Point to Point	P	18690000 S	0.000 0.000	UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS ADMIN.
	S660 E1980 W4 30 14S 8E SL				675 EAST 500 SOUTH, 5TH FLOOR
91-4209	Underground	T	19790906 X	0.100 0.000	UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS ADMIN.
	N1411 W1484 SE 19 14S 8E SL				675 EAST 500 SOUTH, 5TH FLOOR
91-4212	Underground	T	19790919 DIS	1.050 0.000	MILTON A. OMAN
	N1410 W1785 SE 19 14S 8E SL				1714 MILLCREEK WAY
t27140	Underground	T	20021009 O	0.000 3.000	STATE OF UTAH DIVISION OF WILDLIFE RESOURCES
	N1332 E721 S4 19 14S 8E SL				BOX 146301

2006-11a Fellows Gordon Creek ST 3-20-14-8

Casing Schematic



Well name:	**2006-11a Fellows Gordon Creek ST 3-20-14-8**
Operator:	**Fellows Energy Ltd.**
String type:	Surface
Location:	Carbon County
Project ID:	43-007-31233

Design parameters:

Collapse

Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 1,265 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 1,505 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC:	1.80 (J)
8 Round LTC:	1.80 (J)
Buttress:	1.60 (J)
Premium:	1.50 (J)
Body yield:	1.50 (B)

Tension is based on air weight.
Neutral point: 1,748 ft

Environment:

H2S considered?	No
Surface temperature:	65 °F
Bottom hole temperature:	93 °F
Temperature gradient:	1.40 °F/100ft
Minimum section length:	185 ft
Cement top:	2 ft

Non-directional string.

Re subsequent strings:

Next setting depth:	4,000 ft
Next mud weight:	8.400 ppg
Next setting BHP:	1,745 psi
Fracture mud wt:	19.250 ppg
Fracture depth:	2,000 ft
Injection pressure:	2,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft^3)
1	2000	8.625	24.00	J-55	ST&C	2000	2000	7.972	715.1

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	873	1370	1.570	1505	2950	1.96	48	244	5.08 J

Prepared by: Helen Sadik-Macdonald
Div of Oil,Gas & Minerals
Phone: 801/538-5357
FAX: 801/359-3940
Date: April 11,2007
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 2000 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	**2006-11 Fellows Gordon Creek ST 3-20-14-8**
Operator:	**Fellows Energy Ltd.**
String type:	Production
Project ID:	43-007-31233
Location:	Carbon County

Design parameters:

Collapse

Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 865 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 1,745 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on air weight.
Neutral point: 3,491 ft

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 121 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 368 ft

Cement top: Surface

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft^3)
1	4000	5.5	15.50	J-55	ST&C	4000	4000	4.825	534.5

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1745	4040	2.315	1745	4810	2.76	62	202	3.26 J

Prepared by: Helen Sadik-Macdonald
Div of Oil,Gas & Minerals
Phone: 801/538-5357
FAX: 801/359-3940
Date: November 21,2006
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 4000 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

13. **Company Representative**

Steven Prince
Fellows Energy
807 North **Pinewood** Circle,
Price, Utah 84501
1-435-636-4492

Agent

. Don Hamilton
Buys & Associates, Inc.
2580 Creekview Road
Moab, Utah 84532
435-719-2018

Mail Approved A.P.D. To:
Agent

14. Certification

I hereby certify that I, or persons under my direct supervision have inspected the proposed site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the associated with the operations proposed herein **will** be performed by Fellows Energy, LTD its subcontractors in conformity with this plan and the terms and conditions under which it approved.

9-1-06
Date

Don Hamilton
Don Hamilton
Agent for Fellows Energy, LTD

From: Ed Bonner
To: Whitney, Diana
Date: 10/3/2006 1:43:10 PM
Subject: Well Clearance

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

Dominion E&P, Inc
- Kings Canyon 2-32E (API 43 047 38261)
- Kings Canyon 9-32E (API 43 047 38262)
- Kings Canyon 11-32E (API 43 047 38378)
- LCU 3-36F (API 43 047 37986)
- LCU 6-36F (API 43 047 37999)
- LCU 8-36F (API 43 047 37988)
- LCU 10-36F (API 43 047 37987)
- LCU 13-36F (API 43 047 37989)
- LCU 15-36F (API 43 047 38260) 1 significant site which must be avoided
- LCU 11-36F (API 43 047 38026)

Fellows Energy, LLC
- Gordon Creek State 4-7-14-8 (API 43 007 31230)
- Gordon Creek State 1-7-14-8 (API 43 007 31231)
- Gordon Creek State 3-7-14-8 (API 43 007 31232)
- Gordon Creek State 3-20-14-8 (API 43 007 31233)
- Gordon Creek State 2-29-14-8 (API 43 007 31234) 1 significant site in access/pipeline corridor which must be avoided
- Gordon Creek State 1-30-14-8 (API 43 007 31235) 1 significant site in access/pipeline corridor which must be avoided

Gasco Production Company
- State 4-32A (API 43 047 38533)

Kerr McGee Oil & Gas Onshore LP
- NBU 922-32L-4T (API 43 047 38568)
- NBU 922-31A-4T (API 43 047 38561)
- NBU 922-31J-1T (API 43 047 38566)
- NBU 922-31K-2T (API 43 047 38565)
- NBU 922-31P-3T (API 43 047 38564)
- NBU 922-31P-1 (API 43 047 38560)
- NBU 1022-7B-3T (API 43 047 38571)
- NBU 1022-10C-1 (API 43 047 38562)

If you have any questions regarding this matter please give me a call.

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil

Helen Sadik-Macdonald - RE: Gordon Creek APDs

From: "Steven L. Prince"
To: "'Helen Sadik-Macdonald'"
Date: 3/30/2007 1:53 PM
Subject: RE: Gordon Creek APDs

Helen,
We intend to bring cement to surface for the surface casing of all the below listed wells. I'm not certain how much more cement volume the 18% washout factor will add to what I've calculated. Please let me know how much additional cement we will need to specify to comply with the requirements and add that volume to the APD of each of the below listed wells. Thank you so much for your help and please let me know of whatever else we need to change to facilitate the approval process.

Best regards,
Steven L. Prince
Fellows Energy Ltd.
435-650-4492

From: Helen Sadik-Macdonald [mailto:hmacdonald@utah.gov]
Sent: Friday, March 30, 2007 9:41 AM
To: Steven L. Prince
Subject: Re: Gordon Creek APDs

Steve,
I have the following APDs on Gordon Creek:
Gordon Creek ST 1-7-14-8
Gordon Creek ST 3-7-14-8
Gordon Creek ST 4-7-14-8
Gordon Creek ST 3-20-14-8
Gordon Creek ST 2-29-14-8
Gordon Creek ST 1-30-14-8

Are these the Gordon Creek wells you are referring to?

We use an 18% washout factor on surface casing to estimate cement volumes. This is a hole diameter increase, which has a geometric effect on the cement volume calculations. 825 sacks will bring the cement to approximately 700 feet below ground surface.

We will require shallow ground water protection in the Gordon Creek area.
Please state whether you intend to bring cement to surface and on which wells. You may copy the well list above into your response, if the list is correct. Thank you.

Helen Sadik-Macdonald, CPG, PG
Petroleum Engineering Services
Utah Div. of Oil, Gas & Mining
PO Box 145801
Salt Lake City, UT 84114-5801

801/538-5357 Desk
801/359-3940 Fax

>>> On 3/30/2007 at 10:57 AM, in message <001001c772ec$9147ab30$140aa8c0@Fellows1>, "Steven L. Prince" <stevenprince@preciscom.net> wrote:

Hey Helen,
I appreciate your help in reviewing the six APDs for Fellows Energy in the Gordon Creek area. Please change the volume of surface casing cement on each of the APDs from 300 sacks to 825 sacks. As we discussed on the telephone, this represents a volume sufficient to bring cement to surface plus about fifteen percent excess.
Also, would you please note on each APD that the permit should be forwarded to the operator and not to the agent at the following address:

807 N. Pinewood Circle
Price, Utah 84501

If you have any questions, please feel free to contact me at the telephone number below or by email.
Thank you very much for your help.

Best regards,
Steven L. Prince
Fellows Energy Ltd.
435-650-4492

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

April 19, 2007

Fellows Energy, LTD
807 N Pinewood Circle
Price, UT 84501

Re: Gordon Creek State 3-20-14-8 Well, 1229' FSL, 667' FWL, SW SW, Sec. 20, T. 14 South, R. 8 East, Carbon County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann.§ 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-31233.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Carbon County Assessor
SITLA

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

Operator: Fellows Energy, LTD
Well Name & Number Gordon Creek State 3-20-14-8
API Number: 43-007-31233
Lease: ML-46539

Location: SW SW **Sec.** 20 **T.** 14 South **R.** 8 East

Conditions of Approval

1. **General**

   Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. **Notification Requirements**

   The operator is required to notify the Division of Oil, Gas and Mining of the following action during drilling of this well:

   - 24 hours prior to cementing or testing casing – contact Dan Jarvis
   - 24 hours prior to testing blowout prevention equipment – contact Dan Jarvis
   - 24 hours prior to spudding the well – contact Carol Daniels
   - Within 24 hours of any emergency changes made to the approved drilling program – contact Dustin Doucet
   - Prior to commencing operations to plug and abandon the well – contact Dan Jarvis

   The operator is required to get approval from the Division of Oil, Gas and Mining before performing any of the following actions during the drilling of this well:

   - Plugging and abandonment or significant plug back of this well – contact Dustin Doucet
   - Any changes to the approved drilling plan – contact Dustin Doucet

   The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voice mail message if the person is not available to take the call):

   - Dan Jarvis at: (801) 538-5338 office
     (801) 942-0873 home
   - Carol Daniels at: (801) 538-5284 office
   - Dustin Doucet at: (801) 538-5281 office
     (801) 733-0983 home

3. **Reporting Requirements**

   All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

6. Surface casing shall be cemented to the surface.

Division of Oil, Gas and Mining

OPERATOR CHANGE WORKSHEET

ROUTING
1. DJJ
2. CDW

X - Change of Operator (Well Sold) Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective: **6/1/2007**

FROM: (Old Operator):	**TO:** (New Operator):
N2560-Fellows Energy, LTD	N3245-Gordon Creek, LLC
8716 Arapahoe Rd	807 N Pinewood Cir
Boulder, CO 80303	Price, UT 84501
Phone: 1 (303) 327-1515	Phone: 1 (435) 650-4492

CA No. **Unit:**

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED LIST								

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

1. (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 9/27/2007
2. (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 9/27/2007
3. The new company was checked on the **Department of Commerce, Division of Corporations Database on:** 10/30/2007
4a. Is the new operator registered in the State of Utah: _____ Business Number: 6208039-0160
4b. If **NO**, the operator was contacted contacted on:
5a. (R649-9-2)Waste Management Plan has been received on: IN PLACE
5b. Inspections of LA PA state/fee well sites complete on: 6/15/2007
5c. Reports current for Production/Disposition & Sundries on: ok
6. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM _____ BIA _____
7. **Federal and Indian Units:** The BLM or BIA has approved the successor of unit operator for wells listed on: _____
8. **Federal and Indian Communization Agreements ("CA"):** The BLM or BIA has approved the operator for all wells listed within a CA on: _____
9. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject,** for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: 10/15/2007

DATA ENTRY:

1. Changes entered in the **Oil and Gas Database on:** 10/15/2007
2. Changes have been entered on the **Monthly Operator Change Spread Sheet on:** 10/15/2007
3. Bond information entered in RBDMS on: 10/15/2007
4. Fee/State wells attached to bond in RBDMS on: 10/15/2007
5. Injection Projects to new operator in RBDMS on: 10/15/2007
6. Receipt of Acceptance of Drilling Procedures for APD/New on: 9/27/2007

BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: _____
2. Indian well(s) covered by Bond Number: _____
3a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number RLB0010790
3b. The **FORMER** operator has requested a release of liability from their bond on: not yet
The Division sent response by letter on:

LEASE INTEREST OWNER NOTIFICATION:

4. (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 10/16/2007

COMMENTS:

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER: See Attachment A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A

7. UNIT or CA AGREEMENT NAME: N/A

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER

8. WELL NAME and NUMBER: See Attached

2. NAME OF OPERATOR: Gordon Creek, LLC

9. API NUMBER: See Att. A

3. ADDRESS OF OPERATOR: 807 North Pinewood Circle CITY Price STATE UT ZIP 84501

PHONE NUMBER: (435) 650-4492

10. FIELD AND POOL, OR WILDCAT:

4. LOCATION OF WELL

FOOTAGES AT SURFACE:

COUNTY:

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
☐ NOTICE OF INTENT (Submit in Duplicate)	☐ ACIDIZE	☐ DEEPEN	☐ REPERFORATE CURRENT FORMATION
Approximate date work will start:	☐ ALTER CASING	☐ FRACTURE TREAT	☐ SIDETRACK TO REPAIR WELL
	☐ CASING REPAIR	☐ NEW CONSTRUCTION	☐ TEMPORARILY ABANDON
	☐ CHANGE TO PREVIOUS PLANS	☑ OPERATOR CHANGE	☐ TUBING REPAIR
	☐ CHANGE TUBING	☐ PLUG AND ABANDON	☐ VENT OR FLARE
☐ SUBSEQUENT REPORT (Submit Original Form Only)	☐ CHANGE WELL NAME	☐ PLUG BACK	☐ WATER DISPOSAL
Date of work completion:	☐ CHANGE WELL STATUS	☐ PRODUCTION (START/RESUME)	☐ WATER SHUT-OFF
	☐ COMMINGLE PRODUCING FORMATIONS	☐ RECLAMATION OF WELL SITE	☐ OTHER:
	☐ CONVERT WELL TYPE	☐ RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Change of Operator from Fellows Energy, Ltd. to Gordon Creek, LLC effective June 1, 2007:

Bond # for Gordon Creek, LLC is RLB 0010790

From:
Fellows Energy, Ltd. N2560
Steven L. Prince
Steven L. Prince, Vice President and Director
Date: 3 AUGUST 2007

To:
Gordon Creek, LLC N3245
By Thunderbird Energy Inc., its Managing Member
Cameron White, President
Date: AUGUST 3, 2007

NAME (PLEASE PRINT) _____ TITLE _____

SIGNATURE _____ DATE _____

(This space for State use only)

APPROVED 10/15/07
Earlene Russell
Division of Oil, Gas and Mining (See Instructions on Reverse Side)
Earlene Russell, Engineering Technician

RECEIVED
SEP 27 2007
DIV. OF OIL, GAS & MINING

(5/2000)

Fellows Energy, LLC (N2560) to Gordon Creek, LLC (N3245)

well_name	sec	twp	rng	api	entity	lease	well	stat	flag	unit	qtr_qtr	l_num	op no	zone
GORDON CREEK U 1	19	140S	080E	4300730044	13707	State	GW	P			NWSE	ML-46539	N2560	FRSD
GORDON CREEK ST 19-14-8	19	140S	080E	4300730724	13251	State	GW	P			SENW	ML-27908	N2560	FRSD
BURNSIDE 29-14-8	29	140S	080E	4300730725	13250	Fee	GW	S			NWNE	FEE	N2560	FRSD
GORDON CREEK ST 19-14-8 (B)	19	140S	080E	4300730807	13708	State	GW	S			NESW	ML-27908	N2560	FRSD
GORDON CREEK ST 1-19-14-8	19	140S	080E	4300730874	13646	State	GW	P			SENE	ML-46539	N2560	FRSD
GORDON CREEK ST 4-18-14-8	18	140S	080E	4300730881	13665	State	GW	S			SESE	ML-46537	N2560	FRSD
GORDON CREEK ST 2-20-14-8	20	140S	080E	4300730883	13694	State	GW	S			NWNW	ML-46539	N2560	FRSD
GORDON CREEK ST 1A-18-14-8	18	140S	080E	4300730892	13709	State	GW	P			SENE	ML-46537	N2560	FRSD
GORDON CREEK ST 4-7-14-8	07	140S	080E	4300731230		State	GW	APD	TRUE		NESE	ML-46537	N2560	
GORDON CREEK ST 1-7-14-8	07	140S	080E	4300731231		State	GW	APD	TRUE		SENE	ML-46537	N2560	
GORDON CREEK ST 3-7-14-8	07	140S	080E	4300731232		State	GW	APD	TRUE		SESW	ML-46537	N2560	
GORDON CREEK ST 3-20-14-8	20	140S	080E	4300731233		State	GW	APD			SWSW	ML-46539	N2560	
GORDON CREEK ST 2-29-14-8	29	140S	080E	4300731234		State	GW	APD	TRUE		NWNW	ML-46539	N2560	
GORDON CREEK ST 1-30-14-8	30	140S	080E	4300731235		State	GW	APD	TRUE		NENE	ML-46539	N2560	

10/15/2007

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Request to Transfer Application or Permit to Drill

(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)

Well name:	Gordon Creek State 3-20-14-8
API number:	4300731233
Location:	Qtr-Qtr: SWSW Section: 20 Township: 14S Range: 8E
Company that filed original application:	Fellows Energy Ltd.
Date original permit was issued:	04/19/2007
Company that permit was issued to:	Fellows Energy Ltd.

Check one	Desired Action:
	Transfer pending (unapproved) Application for Permit to Drill to new operator
	The undersigned as owner with legal rights to drill on the property, hereby verifies that the information as submitted in the pending Application for Permit to Drill, remains valid and does not require revision. The new owner of the application accepts and agrees to the information and procedures as stated in the application.
✔	**Transfer approved Application for Permit to Drill to new operator**
	The undersigned as owner with legal rights to drill on the property as permitted, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.	Yes	No
If located on private land, has the ownership changed?		✔
If so, has the surface agreement been updated?		
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?		✔
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?		✔
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?		✔
Has the approved source of water for drilling changed?		✔
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?		✔
Is bonding still in place, which covers this proposed well? Bond No. RLB0010790	✔	

Any desired or necessary changes to either a pending or approved Application for Permit to Drill that is being transferred, should be filed on a Sundry Notice, Form 9, or amended Application for Permit to Drill, Form 3, as appropriate, with necessary supporting information as required.

Name (please print) Steven L. Prince Title Operations Manager

Signature Steven L. Prince Date 09/27/2007

Representing (company name) Gordon Creek LLC

The person signing this form must have legal authority to represent the company or individual(s) to be listed as the new operator on the Application for Permit to Drill.

(3/2004)

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: **GORDON CREEK, LLC**

Well Name: **GORDON CREEK ST 3-20-14-8**

Api No: **43-007-31233** Lease Type: **STATE**

Section **20** Township **14S** Range **08E** County **CARBON**

Drilling Contractor **BLACK GOLD DRILLING** RIG # **5X**

SPUDDED:

Date **10/28/07**

Time **3:00 PM**

How **DRY**

Drilling will Commence:

Reported by **JOE FISHER**

Telephone # **(403) 827-8406**

Date **10/29/07** **Signed** **CHD**

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: Gordon Creek, LLC
Operator Account Number: N 3245
Address: 807 N. Pinewood Circle
city Price
state UT zip 84501
Phone Number: (435) 650-4492

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300731233	Gordon Creek State 3-20-14-8		swsw	20	14S	8E	Carbon
Action Code	**Current Entity Number**	**New Entity Number**	**Spud Date**			**Entity Assignment Effective Date**	
A	99999	16468	10/28/2007			11/20/07	

Comments: FRSD CONFIDENTIAL

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300731234	Gordon Creek State 2-29-14-8		nwnw	29	14S	8E	Carbon
Action Code	**Current Entity Number**	**New Entity Number**	**Spud Date**			**Entity Assignment Effective Date**	
A	99999	16469	11/5/2007			11/20/07	

Comments: FRSD CONFIDENTIAL

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	**Current Entity Number**	**New Entity Number**	**Spud Date**			**Entity Assignment Effective Date**	

Comments:

ACTION CODES:

- **A** - Establish new entity for new well (single well only)
- **B** - Add new well to existing entity (group or unit well)
- **C** - Re-assign well from one existing entity to another existing entity
- **D** - Re-assign well from one existing entity to a new entity
- **E** - Other (Explain in 'comments' section)

Steven L. Prince
Name (Please Print)
Steven L. Prince
Signature
Operations Manager
Title
11/6/2007
Date

RECEIVED
NOV 06 2007
DIV. OF OIL, GAS & MINING

(5/2000)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER: ML-46539

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA

7. UNIT or CA AGREEMENT NAME: NA

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER

8. WELL NAME and NUMBER: Gordon Creek State 3-20-14-8

2. NAME OF OPERATOR: Gordon Creek, LLC

9. API NUMBER: 4300731233

3. ADDRESS OF OPERATOR: 807 N. Pinewood Circle CITY Price STATE UT ZIP 84501

PHONE NUMBER: (435) 650-4492

10. FIELD AND POOL, OR WILDCAT: Gordon Creek

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1229' FSL, 667' FWL

COUNTY: Carbon

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSW 20 14S 8E S

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
☑ NOTICE OF INTENT (Submit in Duplicate)	☐ ACIDIZE	☐ DEEPEN	☐ REPERFORATE CURRENT FORMATION
Approximate date work will start:	☐ ALTER CASING	☐ FRACTURE TREAT	☐ SIDETRACK TO REPAIR WELL
	☐ CASING REPAIR	☐ NEW CONSTRUCTION	☐ TEMPORARILY ABANDON
	☑ CHANGE TO PREVIOUS PLANS	☐ OPERATOR CHANGE	☐ TUBING REPAIR
	☐ CHANGE TUBING	☐ PLUG AND ABANDON	☐ VENT OR FLARE
☐ SUBSEQUENT REPORT (Submit Original Form Only)	☐ CHANGE WELL NAME	☐ PLUG BACK	☐ WATER DISPOSAL
Date of work completion:	☐ CHANGE WELL STATUS	☐ PRODUCTION (START/RESUME)	☐ WATER SHUT-OFF
	☐ COMMINGLE PRODUCING FORMATIONS	☐ RECLAMATION OF WELL SITE	☐ OTHER:
	☐ CONVERT WELL TYPE	☐ RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Gordon Creek LLC proposes the following changes to the original approved drilling plan for your approval:
Surface Casing: 9-5/8", J-55, 36 ppf to replace the 8-5/8", J-55, 24 ppf; adjusted cement volume of 700 sx instead of 825 sx.
Production Casing: 8-3/4" hole instead of 7-7/8" hole; adjusted cement volumes: "50/50 Poz" - 250 sx instead of 235 sx and "10-1 RFC" - 400 sx instead of 395 sx.

Regarding the mud program, we will be using a gypsum water instead of air in the surface hole and will be using a DAP mud in the production hole instead of air.

RECEIVED
NOV 13 2007
DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) Steven L. Prince TITLE Operations Manager

SIGNATURE Steven L. Prince DATE 11/12/2007

(This space for State use only)

APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING

DATE: 11/13/07

BY: [signature]

(See Instructions on Reverse Side)

* Surface Casing Cmt shall be brought back to Surface
Verbal Approval given 11/12/07

COPY SENT TO OPERATOR
Date: 11-15-07
Initials: RM

(5/2000)

Well name:	**2006-11a Fellows Gordon Creek ST 3-20-14-8 Rev.**
Operator:	**Fellows Energy Ltd.**
String type:	Surface
Location:	Carbon County
Project ID:	43-007-31233

Design parameters:

Collapse

Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 1,265 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 1,505 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC:	1.80 (J)
8 Round LTC:	1.80 (J)
Buttress:	1.60 (J)
Premium:	1.50 (J)
Body yield:	1.50 (B)

Tension is based on air weight.
Neutral point: 1,751 ft

Environment:

H2S considered?	No
Surface temperature:	65 °F
Bottom hole temperature:	93 °F
Temperature gradient:	1.40 °F/100ft
Minimum section length:	185 ft
Cement top:	731 ft

Non-directional string.

Re subsequent strings:

Next setting depth:	4,000 ft
Next mud weight:	8.400 ppg
Next setting BHP:	1,745 psi
Fracture mud wt:	19.250 ppg
Fracture depth:	2,000 ft
Injection pressure:	2,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft^3)
1	2000	9.625	36.00	J-55	ST&C	2000	2000	8.796	868.1

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	873	2020	2.315	1505	3520	2.34	72	394	5.47 J

Prepared by: Helen Sadik-Macdonald
Div of Oil,Gas & Minerals
Phone: 801/538-5357
FAX: 801/359-3940
Date: November 13,2007
Salt Lake City, Utah

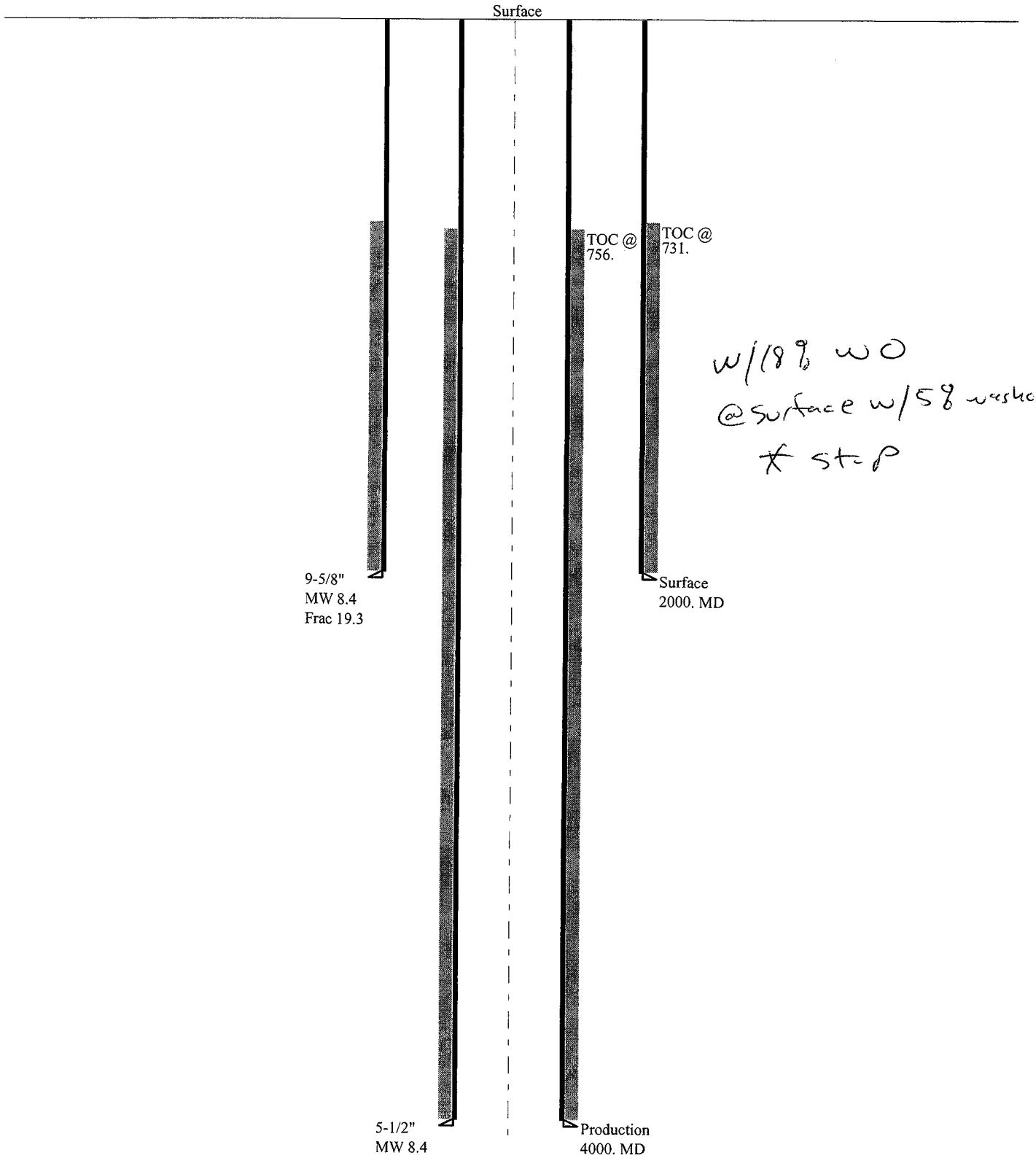
Remarks:
Collapse is based on a vertical depth of 2000 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

2006-11a Fellows Gordon Creek ST 3-20-14-8 rev.

Casing Schematic



CONFIDENTIAL

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

AMENDED REPORT ☐ (highlight changes) FORM 8

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 46359
6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
7. UNIT or CA AGREEMENT NAME: N/A
8. WELL NAME and NUMBER: Gordon Creek State 3-20-14-8
9. API NUMBER: 4300731233
10 FIELD AND POOL, OR WILDCAT: Gordon Creek

1a. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ DRY ☐ OTHER

b. TYPE OF WORK: NEW WELL ☑ HORIZ. LATS. ☐ DEEP-EN ☐ RE-ENTRY ☐ DIFF. RESVR. ☐ OTHER

2. NAME OF OPERATOR: Thunderbird Energy Inc

3. ADDRESS OF OPERATOR: 200, 744 - 4 Avenue SW CITY Calgary STATE AB ZIP T2P 3T4
PHONE NUMBER: (403) 503-9070

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 1229' FSL, 667' FWL
AT TOP PRODUCING INTERVAL REPORTED BELOW: 1229' FSL, 667' FWL
AT TOTAL DEPTH: 1229' FSL, 667' FWL

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSW 20 14S 8E S
12. COUNTY: Carboon
13. STATE: UTAH

14. DATE SPUDDED: 11/29/2007
15. DATE T.D. REACHED: 11/24/2007
16. DATE COMPLETED: 12-17-07 ABANDONED ☐ READY TO PRODUCE ☑
17. ELEVATIONS (DF, RKB, RT, GL): 7473.4' KB

18. TOTAL DEPTH: MD 3,917 TVD
19. PLUG BACK T.D.: MD 3,851 TVD
20. IF MULTIPLE COMPLETIONS, HOW MANY? *
21. DEPTH BRIDGE PLUG SET: MD TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
GR, CCL, VDL, CBL, Temperature Log

23.
WAS WELL CORED? NO ☑ YES ☐ (Submit analysis)
WAS DST RUN? NO ☑ YES ☐ (Submit report)
DIRECTIONAL SURVEY? NO ☑ YES ☐ (Submit copy)

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
12.25	9.625 J-55	36	0	1,998		RockLT 810		CIR	
8.75	5.5 M-80	15.5	0	3,896		RockLT 321		CIR	

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2.375	3,564							

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)
(A) Ferron				
(B)				
(C)				
(D)				

27. PERFORATION RECORD

INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
3,530 3,552	3.5	88	Open ☑ Squeezed ☐
			Open ☐ Squeezed ☐
			Open ☐ Squeezed ☐
			Open ☐ Squeezed ☐

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
3530 - 3552	2200 gal 15% HCL squeeze

29. ENCLOSED ATTACHMENTS:

☑ ELECTRICAL/MECHANICAL LOGS ☐ GEOLOGIC REPORT ☐ DST REPORT ☐ DIRECTIONAL SURVEY
☐ SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION ☐ CORE ANALYSIS ☐ OTHER:

RECEIVED
JAN 07 2008
DIV. OF OIL, GAS & MINING

30. WELL STATUS: SI

(5/2000)

(CONTINUED ON BACK)

31. INITIAL PRODUCTION **INTERVAL A (As shown in Item #26)**

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL B (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL C (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL D (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)

35. ADDITIONAL REMARKS (Include plugging procedure)

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) Ambrose Gross TITLE Crest Consultants

SIGNATURE Ambrose Gross DATE Dec 31 07

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

** ITEM 24: Cement Top – Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

(5/2000)

Crest Energy Consultants

Swab Report

Well Name: GCS 3-20-14-8
Location: 3-20-14-8
Report Date: Dec 17/2007 **Page:** 1

Cummulative Fluid Production: 15.20 bbls
Cummulative Water Production: 15.20 bbls
Cummulative Oil / Condensate Production: 0.00 bbls

Objective: Swab acid out and Bring Well On Production
Supervisor: GREG NOVIK

SWAB DATA				WELLHEAD PRESSURES		FLUID PRODUCTION										REMARKS
Swab Number	Time Out	Fluid Level	Swab Depth	Casing	Tubing	Fluid Prod.	Cumm. Fluid	Water Cut	Water Prod.	Cumm. Water	Oil/Cond. Prod.	Cumm. Oil/Cond.	Salinity	pH	H_2S	
#	hrs:mins	ft	ft	psi	psi	bbls	bbls	%	m^3	m^3	m^3	m^3	ppm		%	
1	**16:50**	150	2500	o	vac	2.40	2.40	100.0%	2.40	2.40	0.00	0.00				dead fluid, water, tubing on slight vac. Immed after
2	**17:08**	400	sn	0	vac	6.40	8.80	100.0%	6.40	8.80	0.00	0.00				acid stim procedure.
3	**17:19**	900	sn	0	vac	6.40	15.20	100.0%	6.40	15.20	0.00	0.00				PSN = 3535

Crest Energy Consultants

Swab Report

Well Name: GCS 3-20-14-8
Location: 3-20-14-8
Report Date: Dec 18/2007 **Page:** 1

Cummulative Fluid Production: 15.20 bbls
Cummulative Water Production: bbls
Cummulative Oil / Condensate Production: 0.00 bbls
Page Link:
Objective: Swab Ferron Formation, Bring Well In
Supervisor: Greg Novik

SWAB DATA				WELLHEAD PRESSURES		bbls										REMARKS
Swab Number	Time Out	Fluid Level	Swab Depth	Casing	Tubing	Fluid Prod.	Cumm. Fluid	Water Cut	Water Prod.	Cumm. Water	Oil/Cond. Prod.	Cumm. Oil/Cond.	Salinity	pH	H_2S	
#	hrs:mins	ft	ft	psi	psi	bbls	bbls	%	bbls	bbls	bbls	bbls	ppm		%	
1	7:10	1800	psn	vac	vac	1.60	1.60	100.0%	1.60	1.60	0.00	0.00				foamy Kcl water, some acid present
2	7:28	1900	psn	vac	vac	3.20	4.80	100.0%	3.20	4.80	0.00	0.00				psn = 3531.5 ftkb
3	7:41	2200	psn	vac	vac	3.20	8.00	100.0%	3.20	8.00	0.00	0.00				
4	7:53	2300	psn	vac	vac	3.20	11.20	100.0%	3.20	11.20	0.00	0.00				
5	8:04	2300	psn	vac	vac	3.20	14.40	100.0%	3.20	14.40	0.00	0.00				
6	8:17	2300	psn	vac	vac	4.00	18.40	100.0%	4.00	18.40	0.00	0.00				
7	8:32	2300	psn	vac	vac	2.40	20.80	100.0%	2.40	20.80	0.00	0.00				slight trace of acid gas
8	8:41	2300	psn	vac	vac	3.20	24.00	100.0%	3.20	24.00	0.00	0.00				
9	8:55	2300	psn	vac	vac	1.60	25.60	100.0%	1.60	25.60	0.00	0.00				
10	9:05	2400	psn	0	0	3.20	28.80	100.0%	3.20	28.80	0.00	0.00				
11	9:18	2400	psn	0	0	1.60	30.40	100.0%	1.60	30.40	0.00	0.00				
12	9:27	2500	psn	0	0	3.20	33.60	100.0%	3.20	33.60	0.00	0.00				
13	9:46	2400	psn	0	0	2.40	36.00	100.0%	2.40	36.00	0.00	0.00				foamy water
14	9:57	2500	psn	0	0	2.40	38.40	100.0%	2.40	38.40	0.00	0.00				
15	10:10	2500	psn	0	0	1.60	40.00	100.0%	1.60	40.00	0.00	0.00				
16	10:19	2600	psn	0	0	2.40	42.40	100.0%	2.40	42.40	0.00	0.00				
17	10:32	2300	psn	0	0	1.60	44.00	100.0%	1.60	44.00	0.00	0.00				
18	10:46	2400	psn	0	0	1.60	45.60	100.0%	1.60	45.60	0.00	0.00				
19	10:57	2500	psn	0	0	3.20	48.80	100.0%	3.20	48.80	0.00	0.00				
20	11:13	2400	psn	0	0	2.40	51.20	100.0%	2.40	51.20	0.00	0.00				
21	11:22	2500	psn	0	0	2.40	53.60	100.0%	2.40	53.60	0.00	0.00				
22	11:33	2500	psn	0	0	2.40	56.00	100.0%	2.40	56.00	0.00	0.00	4			
23	12:01	2400	psn	0	0	2.40	58.40	100.0%	2.40	58.40	0.00	0.00				tank full, put pump together and transfer fluid to sump
24	13:05	2000	psn	0	0	4.80	63.20	100.0%	4.80	63.20	0.00	0.00				
25	13:16	2400	psn	0	0	3.20	66.40	100.0%	3.20	66.40	0.00	0.00				
26	13:26	2500	psn	0	0	3.20	69.60	100.0%	3.20	69.60	0.00	0.00				
27	13:34	2400	psn	0	0	3.20	72.80	100.0%	3.20	72.80	0.00	0.00				
28	13:43	2400	psn	0	0	1.60	74.40	100.0%	1.60	74.40	0.00	0.00				
29	13:54	2500	psn	0	0	1.60	76.00	100.0%	1.60	76.00	0.00	0.00				
30	14:04	2500	psn	0	0	1.60	77.60	100.0%	1.60	77.60	0.00	0.00				
31	14:16	2500	psn	0	0	1.60	79.20	100.0%	1.60	79.20	0.00	0.00				
32	14:27	2500	psn	0	0	3.20	82.40	100.0%	3.20	82.40	0.00	0.00	4			
33	14:36	2500	psn	0	0	1.60	84.00	100.0%	1.60	84.00	0.00	0.00				
34	14:46	2500	psn	0	0	3.20	87.20	100.0%	3.20	87.20	0.00	0.00				
35	14:56	2500	psn	0	0	1.20	88.40	100.0%	1.20	88.40	0.00	0.00				
36	15:06	2500	psn	0	0	0.80	89.20	100.0%	0.80	89.20	0.00	0.00				
37	15:20	2400	psn	0	0	2.00	91.20	100.0%	2.00	91.20	0.00	0.00				
38	15:30	2500	psn	0	0	2.40	93.60	100.0%	2.40	93.60	0.00	0.00				
39	15:40	2400	psn	0	0	2.40	96.00	100.0%	2.40	96.00	0.00	0.00	4			
40	15:50	2400	psn	0	0	1.60	97.60	100.0%	1.60	97.60	0.00	0.00				

Crest Energy Consultants

Swab Report

Well Name: GCS 3-20-14-8
Location: 3-20-14-8
Report Date: Dec 18/2007 **Page:** 2
Cummulative Fluid Production: 120.00 bbls
Cummulative Water Production: bbls
Cummulative Oil / Condensate Production: bbls
Page Link:
Objective: Swab Well In
Supervisor: Greg Novik

SWAB DATA				WELLHEAD PRESSURES		FLUID PRODUCTION										REMARKS
Swab Number	Time Out	Fluid Level	Swab Depth	Casing	Tubing	Fluid Prod.	Cumm. Fluid	Water Cut	Water Prod.	Cumm. Water	Oil/Cond. Prod.	Cumm. Oil/Cond.	Salinity	pH	H_2S	
#	hrs:mins	ft	ft	psi	psi	bbls	bbls	%	bbls	bbls	bbls	bbls	ppm		%	
						97.60	97.60	100.0%	97.60	97.60						
41	15:58	2600	psn	0	o	1.60	99.20	100.0%	1.60	99.20						
42	16:10	2600	psn	0	0	0.80	100.00	100.0%	0.80	100.00						
43	16:18	2500	psn	0	0	1.60	101.60	100.0%	1.60	101.60						
44	16:27	2500	psn	0	0	1.60	103.20	100.0%	1.60	103.20			4			
45	16:38	2500	psn	0	0	0.80	104.00	100.0%	0.80	104.00						
46	16:48	2500	psn	0	0	0.80	104.80	100.0%	0.80	104.80			4			no gas at all

Crest Energy Consultants

Swab Report

Well Name: GCS 3-20-14-8
Location: 3-20-14-8
Report Date: Dec 19/2007 **Page:** 1

Cumulative Fluid Production: 120.00 bbls
Cumulative Water Production: bbls
Cumulative Oil / Condensate Production: 0.00 bbls
Page Link:
Objective: Swab Test Ferron Interval 3530 - 3552 ftkb
Supervisor: Greg Novik

SWAB DATA				WELLHEAD PRESSURES		FLUID PRODUCTION										REMARKS
Swab Number	Time Out	Fluid Level	Swab Depth	Casing	Tubing	Fluid Prod.	Comm.. Fluid	Water Cut	Water Prod.	Comm.. Water	Oil/Cond. Prod.	Comm.. Oil/Cond.	Salinity	pH	H_2S	
#	hrs:mins	ft	ft	psi	psi	bbls	bbls	%	bbls	bbls	bbls	bbls	ppm		%	
0				tstm	tstm	120.00	120.00	100.0%	120.00	120.00						morning pressures, Total Recovery 120 bbls,
1	7:09	1850	psn	0	0	3.20	123.20	100.0%	3.20	123.20			4			Load fluid = +/- 165 bbls
2	7:20	1900	psn	0	0	4.80	128.00	100.0%	4.80	128.00						psn = 3531.5 ftkb
3	7:30	2000	psn	0	0	3.20	131.20	100.0%	3.20	131.20						no gas
4	7:41	2500	psn	0	0	3.20	134.40	100.0%	3.20	134.40						
5	7:51	2500	psn	0	0	3.20	137.60	100.0%	3.20	137.60						
6	7:58	2600	psn	0	0	2.40	140.00	100.0%	2.40	140.00						
7	8:08	2500	psn	0	0	3.20	143.20	100.0%	3.20	143.20						
8	8:16	2500	psn	0	0	2.40	145.60	100.0%	2.40	145.60						
9	8:27	2400	psn	0	0	1.60	147.20	100.0%	1.60	147.20						
10	8:35	2500	psn	0	0	1.60	148.80	100.0%	1.60	148.80						
11	8:45	2600	psn	0	0	1.60	150.40	100.0%	1.60	150.40						
12	8:55	2700	psn	0	0	1.60	152.00	100.0%	1.60	152.00						
13	9:15	2500	psn	0	0	3.20	155.20	100.0%	3.20	155.20						
14	9:24	2600	psn	0	0	1.60	156.80	100.0%	1.60	156.80						
15	9:33	2600	psn	0	0	1.60	158.40	100.0%	1.60	158.40						
16	9:41	2600	psn	0	0	1.60	160.00	100.0%	1.60	160.00			3			
17	9:50	2600	psn	0	0	1.60	161.60	100.0%	1.60	161.60						
18	10:01	2600	psn	0	0	1.60	163.20	100.0%	1.60	163.20						
19	10:45	2500	psn	0	0	2.40	165.60	100.0%	2.40	165.60						
20	10:54	2500	psn	10	0	2.40	168.00	100.0%	2.40	168.00						
21	11:05	2500	psn	10	0	1.60	169.60	100.0%	1.60	169.60						2.6 ppm salinity
22	11:17	2500	psn	10	0	2.40	172.00	100.0%	2.40	172.00						
23	11:27	2500	psn	10	0	2.40	174.40	100.0%	2.40	174.40						
24	11:37	2600	psn	10	0	2.40	176.80	100.0%	2.40	176.80						
25	11:48	2600	psn	10	0	2.40	179.20	100.0%	2.40	179.20						
26	11:58	2700	psn	10	0	2.40	181.60	100.0%	2.40	181.60						12:00 - produced water 2.6ppm
27	12:06	2600	psn	10	0	2.40	184.00	100.0%	2.40	184.00						
28	12:17	2600	psn	10	0	1.60	185.60	100.0%	1.60	185.60						
29	12:26	2600	psn	10	0	1.60	187.20	100.0%	1.60	187.20						
30	12:37	2700	psn	10	0	1.60	188.80	100.0%	1.60	188.80						produced water
31	13:02	2700	psn	20	0	1.60	190.40	100.0%	1.60	190.40						13:00 - 2.6 PPM
32	13:19	2700	psn	4	0	2.40	192.80	100.0%	2.40	192.80						bled casing to 4 psi to check volumes(heat)(30 secs)
33	13:30	2600	psn	4	0	1.60	194.40	100.0%	1.60	194.40						
34	13:43	2700	psn	4	0	1.60	196.00	100.0%	1.60	196.00						
35	13:53	2700	psn	7	0	2.40	198.40	100.0%	2.40	198.40						
36	14:03	2800	psn	7	0	1.60	200.00	100.0%	1.60	200.00						
37	14:11	2800	psn	8	0	1.60	201.60	100.0%	1.60	201.60						
38	14:21	2800	psn	12	0	1.60	203.20	100.0%	1.60	203.20						no gas in swabs, produced water
39	14:33	2800	psn	12	0	1.60	204.80	100.0%	1.60	204.80	0.00	0.00				

Crest Energy Consultants

Swab Report

Well Name: GCS 3-20-14-8
Location: 3-20-14-8
Report Date: Dec 19/2007 **Page:** 1
Objective: Swab Test Ferron Interval 3530 3552 ftkb
Supervisor: Greg Novik

Cummulative Fluid Production: 204.80 bbls
Cummulative Water Production: bbls
Cummulative Oil / Condensate Production: 0.00 \bbls
Page Link:

SWAB DATA				WELLHEAD PRESSURES		FLUID PRODUCTION										REMARKS
Swab Number	Time Out	Fluid Level	Swab Depth	Casing	Tubing	Fluid Prod.	Cumm. Fluid	Water Cut	Water Prod.	Cumm. Water	Oil/Cond. Prod.	Cumm. Oil/Cond.	Salinity	pH	H_2S	
#	hrs:mins	ft	ft	psi	psi	ft	bbls	%	bbls	bbls			ppm		%	
						204.80	204.80	100.0%	204.80	204.80	0.00	0.00				page 1 totals
40	14:45	2800	psn	12	0	1.60	206.40	100.0%	1.60	206.40	0.00	0.00				
41	14:56	2800	psn	12	0	1.60	208.00	100.0%	1.60	208.00	0.00	0.00				
42	15:07	2800	psn	13	0	1.60	209.60	100.0%	1.60	209.60	0.00	0.00				
43	15:42	2500	psn	13	0	1.60	211.20	100.0%	1.60	211.20	0.00	0.00	2			produced water
44	15:53	2500	psn	14	0	0.80	212.00	100.0%	0.80	212.00	0.00	0.00				
45	16:08	2600	psn	14	0	0.80	212.80	100.0%	0.80	212.80	0.00	0.00				
46	16:18	2600	psn	15	0	0.80	213.60	100.0%	0.80	213.60	0.00	0.00				
47	16:34	2700	psn	16	0	2.40	216.00	100.0%	2.40	216.00	0.00	0.00				
48	16:42	2900	psn	15	0	3.20	219.20	100.0%	3.20	219.20	0.00	0.00				
49	16:50	2600	psn	16	0	3.20	222.40	100.0%	3.20	222.40	0.00	0.00				2.4 ppms salinity
50	17:00	2700	psn	17	0	2.40	224.80	100.0%	2.40	224.80	0.00	0.00				
51	17:10	2700	psn	20	0	1.60	226.40	100.0%	1.60	226.40	0.00	0.00				no gas

Crest Energy Consultants

Swab Report

Well Name: Thunderbird GCS
Location: 3-20-14-8E
Report Date: Dec 20/2007 **Page:** 1

Cumulative Fluid Production: 226.40 m³
Cumulative Water Production: 0.00 m³
Cumulative Oil / Condensate Production: 0.00 m³
Page Link:
Objective: Swab Test Ferron Interval 3530 -3552 ftkb
Supervisor: Greg Novik

SWAB DATA				WELLHEAD PRESSURES		FLUID PRODUCTION										REMARKS
Swab Number	Time Out	Fluid Level	Swab Depth	Casing	Tubing	Fluid Prod.	Cumm. Fluid	Water Cut	Water Prod.	Cumm. Water	Oil/Cond. Prod.	Cumm. Oil/Cond.	Salinity	pH	H_2S	
#	hrs:mins	ft	ft	psi	psi	bbls	bbls	%	bbls	bbls	bbls	bbls	ppm		%	
0	8:00	1800		30	vac		226.40	100.0%								morning pressures
1	8:50	1800	psn	30	0	4.00	230.40	100.0%								psn = 3531.5 ftkb
2	9:05	1900	psn	30	0	3.20	233.60	100.0%								
3	9:25	2000	psn	30	0	4.00	237.60	100.0%								
4	10:00	1900	psn	30	0	2.40	240.00	100.0%					2			
5	10:20	2200	psn	30	0	4.00	244.00	100.0%								
6	10:32	2400	psn	30	0	3.20	247.20	100.0%								
7	10:40	2300	psn	30	0	2.40	249.60	100.0%								
8	11:22	2400	psn	30	0	3.20	252.80	100.0%								
9	11:29	2400	psn	30	0	4.00	256.80	100.0%								
10	11:40	2500	psn	30	0	3.20	260.00	100.00%								
11	11:50	2500	psn	30	0	3.20	263.20	100.0%								
12	12:00	2500	psn	30	0	3.20	266.40	100.0%					2			produced water , no gas

JON M. HUNTSMAN, JR.
Governor
GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES
MICHAEL R. STYLER
Executive Director
Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

January 28, 2009

Hand Delivered January 29,2009

43 007 31233
Gordon Creek St 3-20-14-8
14S 8E 20

Rick Ironside
Thunderbird Energy
Suite 645, 1010 1st St SW
Calgary, Alberta T2R 1K4

Re: Extended Shut-in and Temporary Abandoned Well Requirements for Fee or State Leases

Dear Mr. Ironside:

As of January 2009, Gordon Creek LLC (Thunderbird) has three (3) State Lease Wells (see attachment A) that have recently been added as being in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status.

Wells SI/TA beyond twelve (12) consecutive months requires filing a Sundry Notice (R649-3-36-1). Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (649-3-36-1.3.3). For extended SI/TA consideration the operator shall provide the Utah Division of Oil, Gas & Mining with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).

2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and

3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Please note that the Divisions preferred method for showing well integrity is by MIT.

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,

Dustin K. Doucet
Petroleum Engineer

JP:js

cc: Compliance File
Well File
Jim Davis, SITLA

ATTACHMENT A

	Well Name	API	Lease Type	Years Inactive
1	GORDON CREEK ST 3-20-14-8	43-007-31233	ML-46539	1 year 1 month
2	GORDON CREEK ST 2-29-14-8	43-007-31234	ML-46539	1 year 1 month
3	GORDON CREEK ST 1-30-14-8	43-007-31235	ML-46539	1 year 2 months

FORM 9

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

5. LEASE DESIGNATION AND SERIAL NUMBER: ML-46539

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER

8. WELL NAME and NUMBER: ~~Thunderbird~~ Gordon Creek 3-20-14-8

2. NAME OF OPERATOR: Thunderbird Energy/Gordon creek llc

9. API NUMBER: 4300731233

3. ADDRESS OF OPERATOR: 1010 1st Street sw #645 CITY Calgary, alberta STATE AB t2r1k4

PHONE NUMBER: (403) 453-1608

10. FIELD AND POOL, OR WILDCAT:

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1229 FSL, 667 FWL

COUNTY: Carbon

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SW/SW Sec 20 T14S R 8E SLM

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
☑ NOTICE OF INTENT (Submit in Duplicate)	☐ ACIDIZE	☐ DEEPEN	☐ REPERFORATE CURRENT FORMATION
Approximate date work will start: 1/30/2009	☐ ALTER CASING	☑ FRACTURE TREAT	☐ SIDETRACK TO REPAIR WELL
	☐ CASING REPAIR	☐ NEW CONSTRUCTION	☐ TEMPORARILY ABANDON
	☐ CHANGE TO PREVIOUS PLANS	☐ OPERATOR CHANGE	☐ TUBING REPAIR
	☐ CHANGE TUBING	☐ PLUG AND ABANDON	☐ VENT OR FLARE
☐ SUBSEQUENT REPORT (Submit Original Form Only)	☐ CHANGE WELL NAME	☐ PLUG BACK	☐ WATER DISPOSAL
Date of work completion:	☐ CHANGE WELL STATUS	☐ PRODUCTION (START/RESUME)	☐ WATER SHUT-OFF
	☐ COMMINGLE PRODUCING FORMATIONS	☐ RECLAMATION OF WELL SITE	☑ OTHER: clean out and flow test
	☐ CONVERT WELL TYPE	☐ RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

See attached procedure. We will get the legals to the well location as soon as we get into the well site

COPY SENT TO OPERATOR
Date: 2·6·2009
Initials: KS

NAME (PLEASE PRINT) Leslee Stinson TITLE Office manager

SIGNATURE Leslee Stinson DATE 1/27/2009

(This space for State use only)

APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING
DATE: 1/29/09
BY:

(See Instructions on Reverse Side)

(5/2000)

RECEIVED
JAN 28 2009
DIV. OF OIL, GAS & MINING

Recommended Procedure

1. Notify Utah DOGM as required for fracture stimulation completion operations at least 24 hours Prior to commencing stimulation.
2. Hold Safety and procedures meeting with all personnel. Review completion program, proposed operations, safety procedures and personnel responsibilities. Rig inspection to be done by rig manager and then approved and documented by the wellsite supervisor.
3. Move on and rig up service rig complete with pump, tank and pipe racks to DOGM and safety regulations. Install and pull test rig anchors to 20,000 lbs.
4. Record well pressure. Top kill with produced water by pumping about 50% of casing volume and then bleeding off any pressure and pumping additional water as needed.
5. Stump test BOP blind rams to 200 psig low and 3000 psig high for 10 minutes each. Remove tubing bonnet, install class 2 BOP system, pressure test 2.375" pipe rams to 200 psig and 3000 psig for 10 minutes each. Function test remote controls, check accumulator pressures. Nipple up BOP's on tubing hanger. Pressure test BOP and manifold to 200 psig and 3000 psig high for 10 minutes each.
6. Pickup, tally, drift and run new 1 pup joint 2 3/8" tubing, PSN or nipple, approximately 128 joints 2 3/8' tubing and tag PBTD at 3917' KB. Circulate well over to produced water and circulate at maximum rates to clean up wellbore. Be careful to minimize losses (better to leave sludge on bottom than have significant losses to formation.
7. Lay down about 12 joints and space out with pup joints at surface to set tubing near top perforation at 3530' KB.
8. Move in and spot Frac and service equipment on above location (pyrotechnics, tanks, well test equipment). Rig in Frac equipment and set up well test equipment to enable rapid switch over and flowback when Frac equipment is rigged out.
9. The Frac will be traced using radioactive tracers; 1 isotope for the pad and a different isotope for the sand.
10. Hold safety and procedure meeting with all personnel. Review Frac program, proposed operations, safety procedures and personnel responsibilities. Approved and documented by wellsite supervisor.
11. Heat Frac fluid with as required to ensure temperature in excess of 50 degrees F. Circulate pad down casing to tubing bottom, close tubing and Frac well down casing as per program.
12. Gel has about a 2 hour break time; flow well back immediately after placement but slowly to begin with, about 50 barrels in the first hour or until the pressure is below 1000 psig.
13. NOTE: If Frac screens out, flow tubing back immediately to recover gelled fluid/sand from annulus. Reverse circulate down the annulus and to cleanup but take care to minimize fluid losses.
14. Rig out and release the Frac equipment. Protechnics. Flow the well back on clean up as directed by the Calgary office.
15. In consultation with Calgary office, swab and flow back well as required to properly assess flow potential. Ensure that the majority of load fluid is recovered and well is cleaned up.
16. MIRU electric wireline unit. RIH with a wire brush. Brush the XN nipple to ensure it is clean. RIH with a 1.75" blind box and tag fill, record PBTD/ sand top. POOH. If necessary contact the Calgary office for further direction on clean out operations.

17. After confirming adequate cellar to run tracer log, RIH with Protechnics tracer tool and run tracer log.
18. RIH and set collar stop and "G" pack off and +/- 250'. Bleed off tubing pressure and monitor to ensure plug is holding. Rig out wireline unit. Remove the BOP's and assemble the wellhead. Using clean fluid, pressure test the wellhead to 3000 psig. RIH and pull the "G" pack off and collar stop assembly. Or if well is dead; Rig out slickline unit, remove the BOP's and assemble the wellhead.
19. Release the Wireline Unite and Protechnics to run tracer log in GCU Unit #1 water injection well.
20. Continue to swab and or flow test well as required.
21. Rig out and release service rig. Close in and lock wellhead
22.

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 6, 2009

CERTIFIED MAIL NO.: 7004 1160 0003 0190 3164

43 007 31233
Gordon Creek 3-20-14-8
14S 8E 20

Rick Ironside
Thunderbird Energy
Suite 645, 1010 1st St SW
Calgary, Alberta T2R 1K4

Subject: **SECOND NOTICE:** Extended Shut-in and Temporarily Abandoned Requirements for Wells on Fee or State Leases
(See Attachment A)

Dear Mr. Ironside:

As of January 2009, Thunderbird Energy ("Thunderbird") has six (6) State Mineral or Fee Lease Wells (see attachment A) that are in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status.

This is the second notice of non-compliance that Thunderbird has received for the above-mentioned wells. On January 29, 2009 the first notice for wells 1-3, requesting required information to bring the wells into compliance, was hand delivered at the meeting you had with the Utah Division of Oil, Gas & Mining ("Division"). At that meeting wells 4-6 were discussed as a result of a first notice being sent via certified mail on August 12, 2008. To date the Division has not received any correspondence from Thunderbird addressing the wells SI/TA non-compliance issues per Rule R649-3-36.

Wells SI/TA beyond twelve (12) consecutive months requires filing a Sundry Notice (R649-3-36-1). Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (649-3-36-1.3.3). For extended SI/TA consideration the operator shall provide the Division with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).

2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and

3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Please note that the Divisions preferred method for showing well integrity is by MIT.

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (**Surface Casing Pressure, Production Casing Pressure** and Tubing Pressure) showing wellbore has integrity, and
4. **Fluid level** in the wellbore, and
5. **An explanation of how the submitted information proves integrity.**

If the required information is not received within 30 days of the date of this notice, a Notice of Violation will be issued. If you have any questions concerning this matter, please contact Joshua Payne at (801) 538-5314 or me at (801) 538-5281.

Sincerely,

Dustin K. Doucet
Petroleum Engineer

DKD/JP/js
Enclosure
cc: Jim Davis, SITLA
Compliance File
Well File

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITA

ATTACHMENT A

	Well Name	API	Lease Type	Years Inactive
1	GORDON CREEK ST 3-20-14-8	43-007-31233	ML-46539	1 Year 7 Months
2	GORDON CREEK ST 2-29-14-8	43-007-31234	ML-46539	1 Year 7 Months
3	GORDON CREEK ST 1-30-14-8	43-007-31235	ML-46539	1 Year 8 Months
4	GORDON CREEK ST 2-20-14-8	43-007-30883	STATE	6 Years 4 Months
5	BURNSIDE 29-14-8	43-007-30725	FEE	7 Years 9 Months
6	GORDON CREEK ST 4-18-14-8	43-007-30881	STATE	4 Years 10 Months

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

July 15, 2009

Via Fed Ex Tracking # 7977 6495 0001

43 007 31233
Gordon Creek St 3-20-14-8
14S 8E 20

Rick Ironside
Thunderbird Energy
Suite 645, 1010 1st St SW
Calgary, Alberta T2R 1K4

Subject: **SECOND NOTICE:** Extended Shut-in and Temporarily Abandoned Requirements for Wells on Fee or State Leases
(See Attachment A)

Dear Mr. Ironside:

As of January 2009, Thunderbird Energy ("Thunderbird") has six (6) State Mineral or Fee Lease Wells (see attachment A) that are in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status.

This is the second notice of non-compliance that Thunderbird has received for the above-mentioned wells. On January 29, 2009 the first notice for wells 1-3, requesting required information to bring the wells into compliance, was hand delivered at the meeting you had with the Utah Division of Oil, Gas & Mining ("Division"). At that meeting wells 4-6 were discussed as a result of a first notice being sent via certified mail on August 12, 2008. To date the Division has not received any correspondence from Thunderbird addressing the wells SI/TA non-compliance issues per Rule R649-3-36.

Wells SI/TA beyond twelve (12) consecutive months requires filing a Sundry Notice (R649-3-36-1). Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (649-3-36-1.3.3). For extended SI/TA consideration the operator shall provide the Division with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).

2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING

3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Please note that the Divisions preferred method for showing well integrity is by MIT.

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (**Surface Casing Pressure, Production Casing Pressure** and Tubing Pressure) showing wellbore has integrity, and
4. **Fluid level** in the wellbore, and
5. **An explanation of how the submitted information proves integrity.**

If the required information is not received within 30 days of the date of this notice, a Notice of Violation will be issued. If you have any questions concerning this matter, please contact Joshua Payne at (801) 538-5314 or me at (801) 538-5281.

Sincerely,

Dustin K. Doucet
Petroleum Engineer

DKD/JP/js
Enclosure
cc: Jim Davis, SITLA
Compliance File
Well File

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITA

ATTACHMENT A

	Well Name	API	Lease Type	Years Inactive
1	GORDON CREEK ST 3-20-14-8	43-007-31233	ML-46539	1 Year 7 Months
2	GORDON CREEK ST 2-29-14-8	43-007-31234	ML-46539	1 Year 7 Months
3	GORDON CREEK ST 1-30-14-8	43-007-31235	ML-46539	1 Year 8 Months
4	GORDON CREEK ST 2-20-14-8	43-007-30883	STATE	6 Years 4 Months
5	BURNSIDE 29-14-8	43-007-30725	FEE	7 Years 9 Months
6	GORDON CREEK ST 4-18-14-8	43-007-30881	STATE	4 Years 10 Months

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5.LEASE DESIGNATION AND SERIAL NUMBER: ML-46539

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7.UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL Gas Well

8. WELL NAME and NUMBER: GORDON CREEK ST 3-20-14-8

2. NAME OF OPERATOR: GORDON CREEK, LLC

9. API NUMBER: 43007312330000

3. ADDRESS OF OPERATOR: 1179 E Main #345 , Price, UT, 84501

PHONE NUMBER: 403 453-1608 Ext

9. FIELD and POOL or WILDCAT: GORDON CREEK

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 1229 FSL 0667 FWL
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SWSW Section: 20 Township: 14.0S Range: 08.0E Meridian: S

COUNTY: CARBON

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
✓ NOTICE OF INTENT Approximate date work will start: 8/29/2011	☐ ACIDIZE	☐ ALTER CASING	☐ CASING REPAIR
☐ SUBSEQUENT REPORT Date of Work Completion:	☐ CHANGE TO PREVIOUS PLANS	☐ CHANGE TUBING	☐ CHANGE WELL NAME
	☐ CHANGE WELL STATUS	☐ COMMINGLE PRODUCING FORMATIONS	☐ CONVERT WELL TYPE
	☐ DEEPEN	✓ FRACTURE TREAT	☐ NEW CONSTRUCTION
	☐ OPERATOR CHANGE	☐ PLUG AND ABANDON	☐ PLUG BACK
☐ SPUD REPORT Date of Spud:	✓ PRODUCTION START OR RESUME	☐ RECLAMATION OF WELL SITE	☐ RECOMPLETE DIFFERENT FORMATION
	✓ REPERFORATE CURRENT FORMATION	☐ SIDETRACK TO REPAIR WELL	☐ TEMPORARY ABANDON
	☐ TUBING REPAIR	☐ VENT OR FLARE	☐ WATER DISPOSAL
☐ DRILLING REPORT Report Date:	☐ WATER SHUTOFF	☐ SI TA STATUS EXTENSION	☐ APD EXTENSION
	☐ WILDCAT WELL DETERMINATION	☐ OTHER	OTHER:

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Move on Workover rig, add perforations to the Ferron A and Ferron B (perf several intervals between 3,626' to 3,802'KB), then round trip a bit and casing scraper to TD, then run into the well with tubing and a packer to isolate the Ferron A + B perfs, then frac the Ferron A + B with a 60 T high rate treatment, then flow test and clean up. Then kill the well and pull the tubing and packer out of the well. Then add perforations to the Ferron C (2 intervals between 3,567' to 3,595' KB). Then run the final 2.375" production tubing string, run BHP and rods, install pumpjack and place well on production as a Ferron A + B + C producer.

Approved by the Utah Division of Oil, Gas and Mining

Date: 08/31/2011

By: Dark K Quist

NAME (PLEASE PRINT)	PHONE NUMBER	TITLE
Barry Brumwell	403 453-1608	Vice President-Operations
SIGNATURE N/A		**DATE** 8/15/2011

RECEIVED Aug. 15, 2011

UTAH DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

Oil and Gas Program

1594 West North Temple, Suite 1210, Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 Phone

(801) 359-3940 Fax

NOTICE OF VIOLATION

STATE OF UTAH

OIL AND GAS CONSERVATION ACT

****

To the following operator: 14S 8E 20

Name: Gordon Creek, LLC c/o Thunderbird Energy.

Well(s) or Site(s):		API #:
1.)	BURNSIDE 29-14-8	43-007-30725
2.)	GORDON CREEK ST 1-30-14-8	43-007-31235
3.)	GORDON CREEK ST 4-18-14-8	43-007-30881
4.)	GORDON CREEK ST 2-20-14-8	43-007-30883
5.)	GORDON CREEK ST 3-20-14-8	43-007-31233 ←
6.)	GORDON CREEK ST 2-29-14-8	43-007-31234
7.)	GORDON CREEK ST 19-14-8 (B)	43-007-30807

Date and Time of Inspection/Violation: November 27, 2012

Mailing Address: Attn: Rick J. Ironside
Suite 800, 555 - 4th Ave SW
Calgary, Alberta, Canada T2P 3E7

Under the authority of the Utah Oil and Gas Conservation Act, Section 40-6 et. Seq., Utah Code Annotated, 1953, as amended, the undersigned authorized representative of the Division of Oil, Gas and Mining (Division) has conducted an inspection of the above described site and/or records on the above date and has found alleged violation(s) of the act, rules or permit conditions as described below.

Description of Violation(s):

Rule R649-3-36, *Shut-in and Temporarily Abandoned Wells* – Wells 1 - 6 listed above have been Shut-in or Temporarily Abandoned (SI/TA) over 5 consecutive years. Well 7 has been SI/TA over 3 consecutive years. According to Rule R649-3-36, the operator is required to supply the Division with reasons for extended SI/TA, the length of time for extended SI/TA and proof of well bore integrity for every well SI/TA over 12 consecutive months. After 5 years of continued SI/TA, the wells are to be plugged unless good cause is supplied to the Division for extended SI/TA in addition to the required information just mentioned.

Rule R649-3-4.3, Bonding - If the division finds that a well subject to this bonding rule is in violation of Rule R649-3- 36., Shut-in and Temporarily Abandoned Wells, the division shall require a bond amount for the applicable well in the amount of actual plugging and site restoration costs.

4.4.1. - Within 30 days of notification by the division, the operator shall submit to the division an estimate of plugging and site restoration costs for division review and approval.

UTAH DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

Oil and Gas Program

1594 West North Temple, Suite 1210, Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 Phone

(801) 359-3940 Fax

The Division has previously issued two (2) SI/TA Notices and a Notice of Violation to Gordon Creek LLC/Thunderbird Energy (Thunderbird) regarding these wells. There has not been any evidence of effort being made to bring them out of violation status. These wells are in violation of R-649-3-36 and R649-3-4.3 – 4.4.1 as listed above. The Division requires Thunderbird to put up full cost bonding for all wells in violation above per R649-3-4. It is also mandatory that Thunderbird submit all documentation as required by R649-3-36 concerning shut-in and temporarily abandoned wells.

Immediate Action: For the wells subject to this notice, Thunderbird shall fulfill full cost bonding requirements for each well. Thunderbird shall also submit all information as required by R649-3-36 or plug and abandon or place the wells on production.

This notice shall remain in effect until it is modified, terminated, or vacated by a written notice of an authorized representative of the director of the Division of Oil, Gas and Mining. Failure to comply with this notice will result in the Division pursuing further actions against said operator. Further actions may include initiation of agency actions to order full cost bonding and plugging and abandonment of wells and requests for bond forfeiture and civil penalties.

Compliance Deadline: December 27, 2012

Date of Service Mailing: November 28, 2012

Tracking #: 7941 6767 9933

Division's Representative

Operator or Representative

(If presented in person)

6/2005

DKD/JP/js
Enclosure

cc: Jim Davis, SITLA
Compliance File
Well File

FORM 9

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

5.LEASE DESIGNATION AND SERIAL NUMBER: ML-46539

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7.UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL
Gas Well

8. WELL NAME and NUMBER:
GORDON CREEK ST 3-20-14-8

2. NAME OF OPERATOR:
GORDON CREEK, LLC

9. API NUMBER:
43007312330000

3. ADDRESS OF OPERATOR:
1179 E Main #345 , Price, UT, 84501

PHONE NUMBER:
403 453-1608 Ext

9. FIELD and POOL or WILDCAT:
GORDON CREEK

4. LOCATION OF WELL
FOOTAGES AT SURFACE:
1229 FSL 0667 FWL
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:
Qtr/Qtr: SWSW Section: 20 Township: 14.0S Range: 08.0E Meridian: S

COUNTY:
CARBON

STATE:
UTAH

11.
CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
✓ NOTICE OF INTENT Approximate date work will start: 4/19/2013	☐ ACIDIZE	☐ ALTER CASING	☐ CASING REPAIR
	☐ CHANGE TO PREVIOUS PLANS	☐ CHANGE TUBING	☐ CHANGE WELL NAME
	☐ CHANGE WELL STATUS	☐ COMMINGLE PRODUCING FORMATIONS	☐ CONVERT WELL TYPE
☐ SUBSEQUENT REPORT Date of Work Completion:	☐ DEEPEN	☐ FRACTURE TREAT	☐ NEW CONSTRUCTION
	☐ OPERATOR CHANGE	☐ PLUG AND ABANDON	☐ PLUG BACK
	☐ PRODUCTION START OR RESUME	☐ RECLAMATION OF WELL SITE	☐ RECOMPLETE DIFFERENT FORMATION
☐ SPUD REPORT Date of Spud:	☐ REPERFORATE CURRENT FORMATION	☐ SIDETRACK TO REPAIR WELL	☐ TEMPORARY ABANDON
	☐ TUBING REPAIR	☐ VENT OR FLARE	☐ WATER DISPOSAL
☐ DRILLING REPORT Report Date:	☐ WATER SHUTOFF	✓ SI TA STATUS EXTENSION	☐ APD EXTENSION
	☐ WILDCAT WELL DETERMINATION	✓ OTHER	OTHER: Fluid level to determine rese

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Based on a recommendation from Mr. Dustin Doucet of DOGM, on March 23rd, 2013, a surface casing vent flow check and a production casing fluid level test were performed on the well. There was NO surface casing vent flow and the fluid level was indicated to be at 1,749.6' from surface. Using that information plus the SICP on the well when the test was done, it was determined that the well appears to have solid integrity as there is 0 psi of pressure at surface AND the reservoir pressure calculated from the fluid level test is indicated as NORMAL. There is NO indication that ANY wellbore pressure from the existing open perforations is leaking into another zone or back to surface in any manner. Based on this information, we feel this is adequate proof of wellbore integrity in the well and we hereby request an extension to Shut In Status for this well for an additional 12 month

Approved by the Utah Division of Oil, Gas and Mining

Date: July 19, 2013

By: Dark K Quist

NAME (PLEASE PRINT)	PHONE NUMBER	TITLE
Barry Brumwell	403 453-1608	Vice President-Operations

SIGNATURE	DATE
N/A	4/19/2013

RECEIVED: Apr. 19, 2013

The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Sundry Conditions of Approval Well Number 43007312330000

Approval valid through May 1, 2014. Periodic monitoring of pressures and fluid levels should be conducted throughout the year to ensure ongoing integrity.

RECEIVED: Jul. 19, 2013

THUNDERBIRD
ENERGY

GORDON CREEK, LLC.

December 19th, 2012

Utah Department of Natural Resources
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah
84114-5801

Facsimile: (801) 359-3940

Attention: **Dustin Doucet**
Petroleum Engineer

RECEIVED
DEC 2 6 2012
DIV. OF OIL, GAS & MINING

Re: **Notice of Violation dated November 27, 2012**
Gordon Creek LLC c/o Thunderbird Energy

1.)	Burnside 29-14-8	API 43-007-30725
2.)	Gordon Creek ST 1-30-14-8	API 43-007-31235
3.)	Gordon Creek ST 4-18-14-8	API 43-007-30881
4.)	Gordon Creek ST 2-20-14-8	API 43-007-30883
5.)	Gordon Creek ST 3-20-14-8	API 43-007-31233
6.)	Gordon Creek ST 2-29-14-8	API 43-007-31234
7.)	Gordon Creek ST 19-14-8(B)	API 43-007-30807

The purpose of this letter is to provide justification pursuant to Rule R649-3-36 of the Utah Oil and Gas Conservation Act for maintaining these sites in a suspended status until Thunderbird Energy has the appropriate infrastructure and capital in place to proceed with the required additional operations and equipping to place them into production. Planned operations and equipping includes re-completions, wellsite separators, electrification, pumping equipment, pipelines and in the case of 1-30-14-8, re-drilling below surface casing. The issue of wellbore integrity testing is addressed in a separate letter that details the company's plan to prove wellbore integrity for all 7 non-producing wells and the dually completed Gordon Creek State GC1 (4-19-14-8) well. Please note that as of today's date the company has 12 producing and 7 suspended wellbores in total and that the additional letter also addresses every suspended well that the company has in the state of Utah.

First and foremost, based on our recent work and plans for the Gordon Creek area, we are convinced that each and every one of the suspended wellbores has economic potential if what we have determined to be best practices for the area are implemented. Gordon Creek area best practices typically include the following elements:

- Completion of all sand pay intervals with porosity exceeding 7%.
- Completion of all coal pay intervals.
- Proper fracture stimulation of all pay intervals.
- Equipping the well with a properly sized bottom hole pump and pumping unit.
- Well site electrification.
- Installation of a 2 phase well site separator equipped with gas and liquid meters.
- Tying in of the well site to both raw gas and produced water pipeline gathering systems.

As we have learned in recent years in a low gas price environment, it takes more time, a logical and well organized development plan and sufficient available capital to undertake these operations. Given, the company's recent success and an improving natural gas price outlook, we are confident that we will be able to move forward and implement our plan for each of the 7 suspended wells in the medium term (2 to 3 years). Further, as outlined in more detail below, in 2013 we intend to expand our infrastructure to bring all of the sites closer and we intend to re-complete equip and place into production 3 of the 7 suspended wellbores.

2013 Development Plan:

As soon as the 2013 winter closure is over we will be electrifying the GC1 (4-19-14-8) and 19-14-8(A) sites. From there, the next phase of our plan involves the drilling of up to 20 new wells and the re-completion of 3 suspended wells. Several of the new wells are required to prevent pending lease expiries. The electrification and drilling of 20 new wells will expand our facilities taking pipelines and electrification right by wells 4, 5 and 6 as numbered above and in addition bringing those same facilities much closer to the remaining wells 1,2,3 and 7. In this manner, the economic viability of the suspended locations will be significantly improved.

As part of Thunderbird's ongoing best practices, we test and analyze potential ways to improve and make our practices even better. An example of this approach is the conducting of radioactive tracer logs in 3 of the 8 new wells that we just completed. These tracer logs definitely expanded our understanding of how the historical fracture stimulation practices performed and definitely suggested room for improvement. On this basis we fully intend to do some similar type testing and analysis on the first 3 re-completions planned for 2013 such that we may use those results to modify and improve our plans for the remaining suspended wells.

Specifically, Thunderbird plans to recomplete the following 3 locations in 2013.

Gordon Creek ST 4-18-14-8	API 43-007-30881
Gordon Creek ST 3-20-14-8	API 43-007-31233
Gordon Creek ST 2-29-14-8	API 43-007-31234

At the end of 2013, this plan will leave 3 sites requiring a re-completion and 1 site requiring a re-drill. We are confident that the remaining 4 sites will be remedied before the end of 2015. However, should we be disappointed in the results of the 3 re-completions slated for 2013, we would likely then revise our plan to abandon and reclaim these sites.

Subject to an annual review and annual proof of wellbore integrity, Thunderbird Energy hereby requests your approval in writing pursuant to Rule R649-3-36 to maintain these wells in a suspended status until we can complete our proposed development plans.

Also pertaining to bonding as required by Rule R649-3-1 subsection 4.4.1, please find attached for each of the seven sites addressed in the Notice of Violation an estimate of the plugging and site restoration costs.

Best Regards;

Barry Brumwell, C.E.T.
Vice President, Operations
Thunderbird Energy / Gordon Creek, LLC.

cc: SITLA, Jim Davis

GORDON CREEK, LLC.

WELL ABANDONMENT AND SITE RECLAMATION COST ESTIMATES

PURSUANT TO Rule 649.3.1, subsection 4.4.1 - Notice of Violation dated 11/27/2012

BURNSIDE 29-14-8

API #: 4300730725

1	Cost to recover tubulars and run wellbore abandonment plugs, cut and cap wellbore	$	22,300.00
2	Cost to restore wellsite	$	7,000.00
3	Cost to re-seed wellsite	$	1,200.00
4	Salvage value of wellbore and wellsite equipment	-$	13,000.00
	TOTAL ESTIMATED WELL ABANDONMENT & SITE RESTORATION COST	***$***	***17,500.00***

GORDON CREEK ST 1-30-14-8

API #: 4300731235

1	Cost to run wellbore abandonment plugs, cut and cap wellbore	$	6,000.00
2	Cost to restore wellsite	$	7,000.00
3	Cost to re-seed wellsite	$	1,200.00
4	Salvage value of wellbore and wellsite equipment	-$	1,500.00
	TOTAL ESTIMATED WELL ABANDONMENT & SITE RESTORATION COST	***$***	***12,700.00***

GORDON CREEK ST 4-18-14-8

API #: 4300730881

1	Cost to recover tubulars and run wellbore abandonment plugs, cut and cap wellbore	$	22,300.00
2	Cost to restore wellsite	$	7,000.00
3	Cost to re-seed wellsite	$	1,200.00
4	Salvage value of wellbore and wellsite equipment	-$	9,100.00
	TOTAL ESTIMATED WELL ABANDONMENT & SITE RESTORATION COST	***$***	***21,400.00***

GORDON CREEK ST 2-20-14-8

API #: 4300730883

1	Cost to run wellbore abandonment plugs, cut and cap wellbore	$	8,800.00
2	Cost to restore wellsite	$	7,000.00
3	Cost to re-seed wellsite	$	1,200.00
4	Salvage value of wellbore and wellsite equipment	-$	1,500.00
	TOTAL ESTIMATED WELL ABANDONMENT & SITE RESTORATION COST	***$***	***15,500.00***

GORDON CREEK ST 3-20-14-8

API #: 4300731233

1	Cost to run wellbore abandonment plugs, cut and cap wellbore	$	8,800.00
2	Cost to restore wellsite	$	7,000.00
3	Cost to re-seed wellsite	$	1,200.00
4	Salvage value of wellbore and wellsite equipment	-$	1,500.00
	TOTAL ESTIMATED WELL ABANDONMENT & SITE RESTORATION COST	***$***	***15,500.00***

GORDON CREEK ST 2-29-14-8

API #: 4300731234

1	Cost to run wellbore abandonment plugs, cut and cap wellbore	$	8,800.00
2	Cost to restore wellsite	$	7,000.00
3	Cost to re-seed wellsite	$	1,200.00
4	Salvage value of wellbore and wellsite equipment	-$	1,500.00
	TOTAL ESTIMATED WELL ABANDONMENT & SITE RESTORATION COST	***$***	***15,500.00***

GORDON CREEK ST 19-14-8 (B)

API #: 4300730807

1	Cost to recover bhp, RODS, tubulars and run wellbore abandonment plugs, cut and cap wellbore	$	26,800.00
2	Cost to restore wellsite	$	7,000.00
3	Cost to re-seed wellsite	$	1,200.00
4	Salvage value of wellbore and wellsite equipment	-$	30,200.00
	TOTAL ESTIMATED WELL ABANDONMENT & SITE RESTORATION COST	***$***	***4,800.00***

THUNDERBIRD
ENERGY

GORDON CREEK, LLC.

December 18th, 2012

State of Utah - Department of Natural Resources
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah
84114-5801

VIA FAX: (801) 359-3940

Attention: Mr. Dustin K. Doucet - Petroleum Engineer

RECEIVED
DEC 26 2012
DIV. OF OIL, GAS & MINING

Mr. Doucet;

Re: **Gordon Creek, LLC. c/o Thunderbird Energy**
Casing Integrity Testing of Shut In Wells:

Burnside 29-14-8	API	43-007-30725
Gordon Creek ST 1-30-14-8	API	43-007-31235
Gordon Creek ST 4-18-14-8	API	43-007-30881
Gordon Creek ST 2-20-14-8	API	43-007-30883
Gordon Creek ST 3-20-14-8	API	43-007-31233
Gordon Creek ST 2-29-14-8	API	43-007-31234
Gordon Creek ST 19-14-8 (B)	API	43-007-30807

We are in receipt of your Notice of Violation(s) dated November 27th, 2012, for the above noted wells.

The intent of this letter is to address the issue of regularly proving wellbore integrity of our shut in wells. All other matters pertaining to the NOV issued will be addressed in a separate letter.

In July – September of 2010, we performed casing integrity pressure testing on ALL of the above noted wells and submitted that test information to you. We didn't receive any response from you requesting any further data or information was required; we therefore assumed that the submissions were acceptable.

We did perform similar testing in 2011, but it appears the test charts weren't submitted to you. I have attached the successful pressure test charts dated 8/12/2011to this letter for the following 5 of 7 shut in wells:

Burnside 29-14-8	API	43-007-30725
Gordon Creek ST 1-30-14-8	API	43-007-31235
Gordon Creek ST 4-18-14-8	API	43-007-30881
Gordon Creek ST 2-20-14-8	API	43-007-30883
Gordon Creek ST 2-29-14-8	API	43-007-31234

I have been informed by our Production Superintendent, Mr. Steve Lessar that Mark Jones witnessed the 2 tests at the wells 2-20 and 2-29 above and then informed Mr. Lessar he didn't wish to witness the tests on the other wells.

Erroneously, tests were not performed at the same time at the following 2 wells:

Gordon Creek ST 3-20-14-8	API	43-007-31233
Gordon Creek ST 19-14-8 (B)	API	43-007-30807

We sincerely apologize for this oversight.

We clearly recognize that we were remiss for not performing casing integrity pressure testing on ALL of our shut in wells in the calendar year 2012. We wish to rectify that omission, first by performing this testing on the following wells within the next couple of days ***(for ALL tests, Mark Jones would be invited to witness the testing procedures)***:

Gordon Creek ST 1-30-14-8 API 43-007-31235

This well only has surface casing set in the well and the open hole section below the surface casing was plugged back inside the surface casing with cement. To prove mechanical integrity of this casing string we plan to fill it with inhibited water and to pressure test it to 750 psig for 30 minutes and record the test data on a chart, which would be submitted to you after the test is completed.

Gordon Creek ST 2-29-14-8 API 43-007-31234

This well only has production casing set in the well and a retrievable bridge plug set inside the production casing above the uppermost set of perforations. To prove mechanical integrity of this casing string we plan to fill it with inhibited water and to pressure test it to 750 psig for 30 minutes and record the test data on a chart, which would be submitted to you after the test is completed. We will also test for a surface casing vent flow on this well.

Gordon Creek ST 2-20-14-8 API 43-007-30883

This well only has production casing set in the well and a retrievable bridge plug set inside the production casing above the uppermost set of perforations. To prove mechanical integrity of this casing string we plan to fill it with inhibited water and to pressure test it to 750 psig for 30 minutes and record the test data on a chart, which would be submitted to you after the test is completed. We will also test for a surface casing vent flow on this well.

Since we have never received written confirmation from you that you approve of the integrity testing methods proposed to you in 2010 by Mr. Rick Ironside, we are going to hold off on performing integrity tests on the following 4 wells until we receive your approval for the testing method: ***(for ALL tests, Mark Jones would be invited to witness the testing procedures):***

Burnside 29-14-8	API	43-007-30725
Gordon Creek ST 4-18-14-8	API	43-007-30881
Gordon Creek ST 3-20-14-8	API	43-007-31233
Gordon Creek ST 19-14-8 (B)	API	43-007-30807

We believe proving mechanical integrity of the production casing string in these wells can be accomplished by pressure testing the annular space between the surface casing and the production casing. During the test, we would:

- Bled any pressure off of the surface casing and ensure that there is no flow.
- Record the production tubing pressure.
- Inject inhibited water and diesel into the annular space to fill the space (the diesel will float on top of annulus and prevent freezing).
- Top up allowing several hours for any trapped air to be displaced.
- Pressure up to 750 psig by hand with a Baker pump and a chart recorder.
- Monitor the production tubing and casing pressures for 24 hours (pressure may fluctuate slightly with daily temperature variation).

As stated above, we will await your approval for the testing method laid out before proceeding.

Dustin, I again apologize for our failing to perform integrity testing on our shut in wells and commit to you that we will do the required testing on the 3 wells (1-30, 2-20 & 2-29) within the next couple of days, with the rest of the wells being tested as soon as possible after your approval for the testing method.

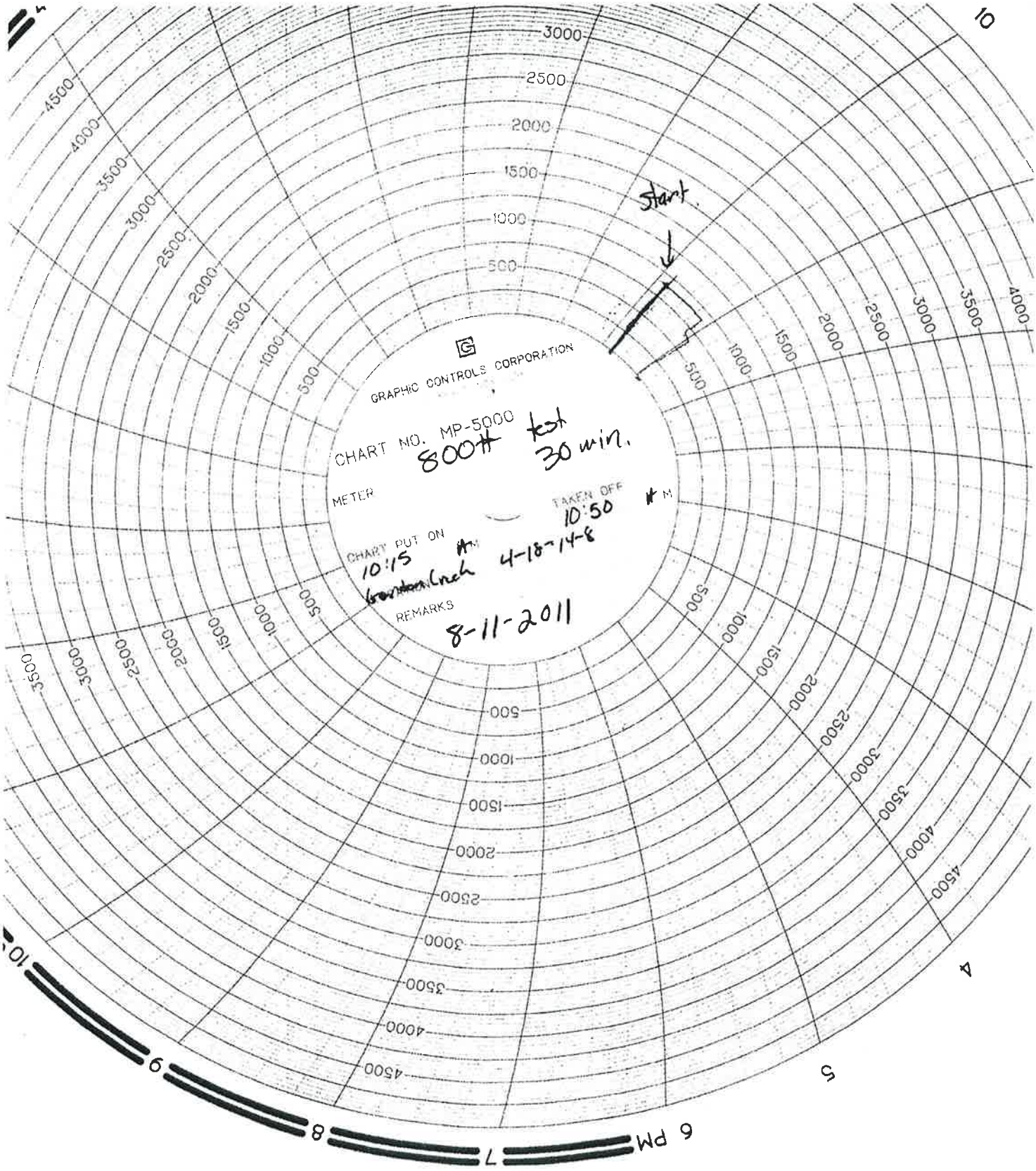
Additionally, at the same time we will perform a Mechanical Integrity Test of our dually producer/injector well at GCU #1, which was last proven in January 2012 with an RA Tracer log.

We sincerely regret that the "upkeep" of testing of these shut-in wells and the dissemination of our plans for these wells wasn't handled in a timely manner. I commit to you that we will ensure these omissions and errors aren't repeated in the future. Should you have any questions or require further information, please do not hesitate to contact me by telephone at (403) 453-1608 or by email at bbrumwell@thunderbirdenergy.com.

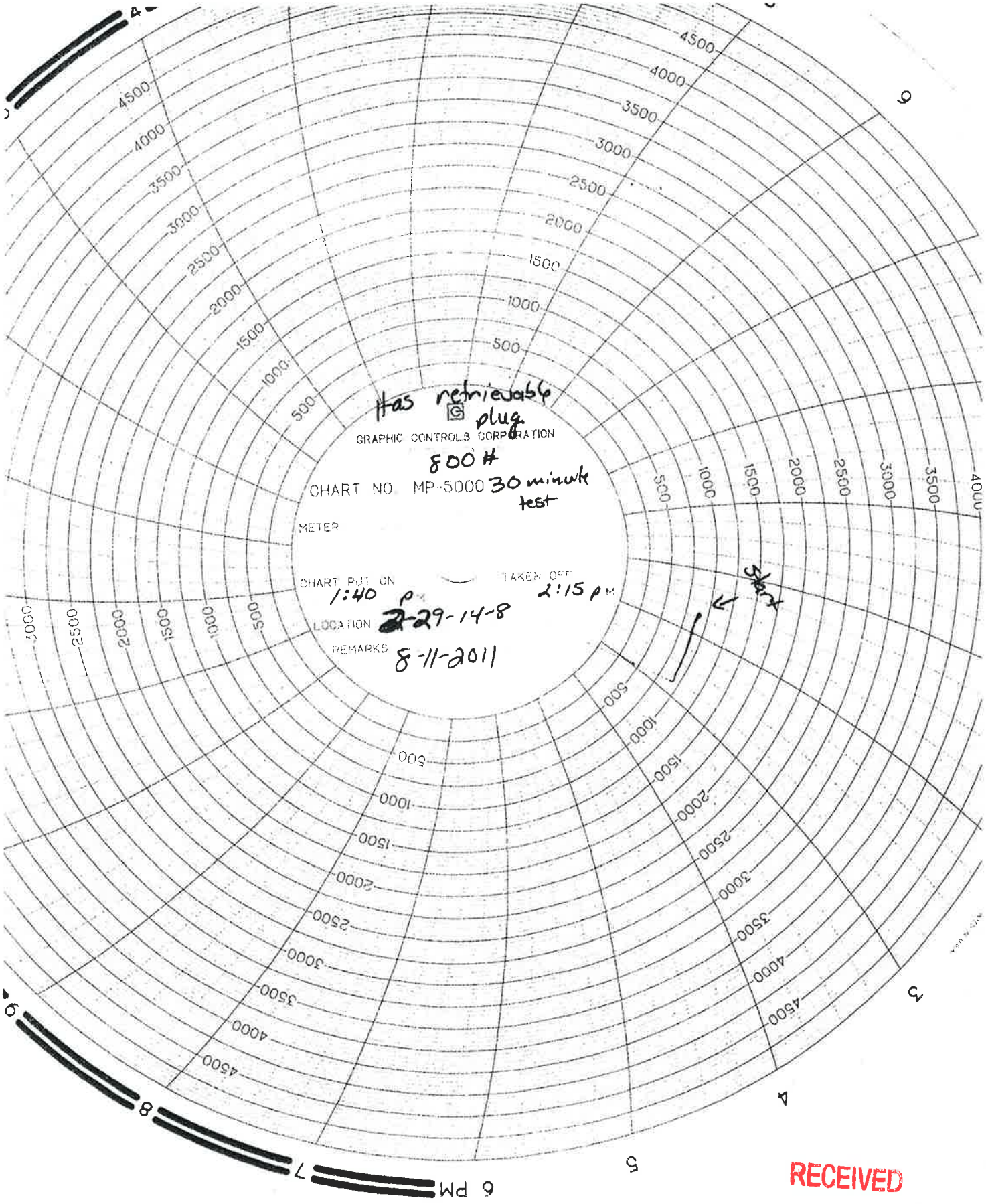
Best regards;

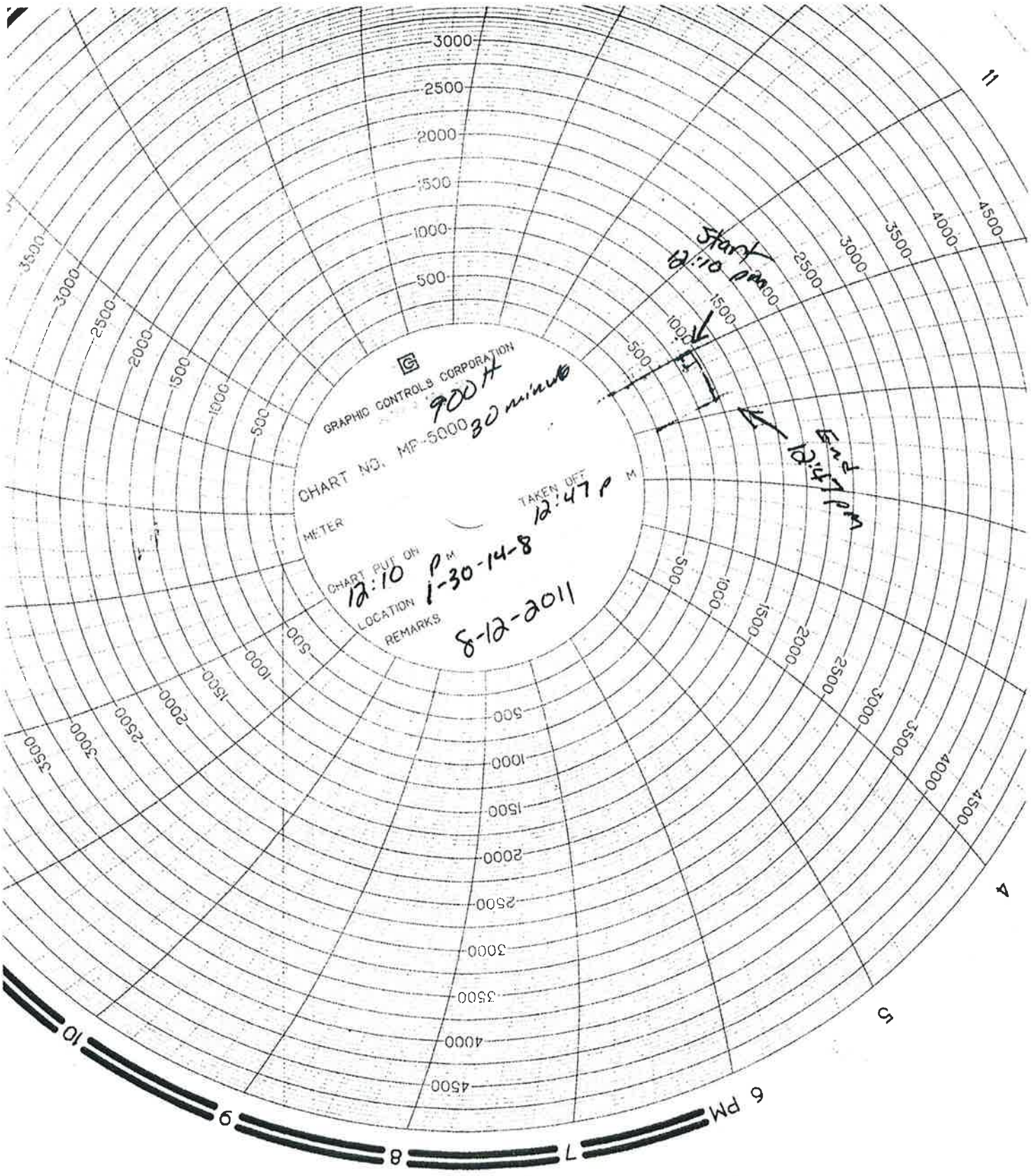
Barry Brumwell, C.E.T.
Vice President of Operations
Thunderbird Energy / Gordon Creek, LLC.

cc: SITLA – Jim Davis



RECEIVED
DEC 2 6 2012
DIV. OF OIL, GAS & MINING





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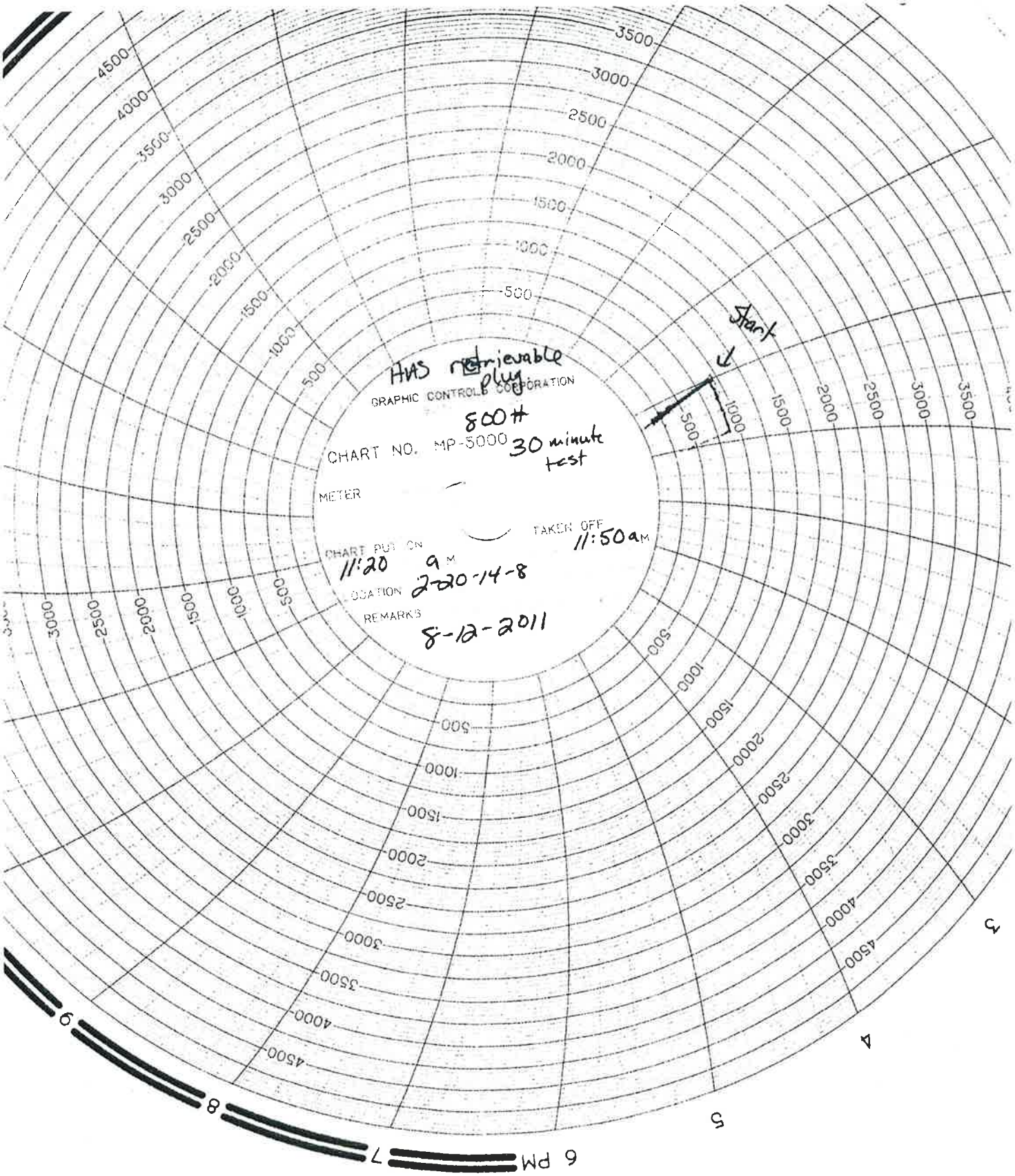
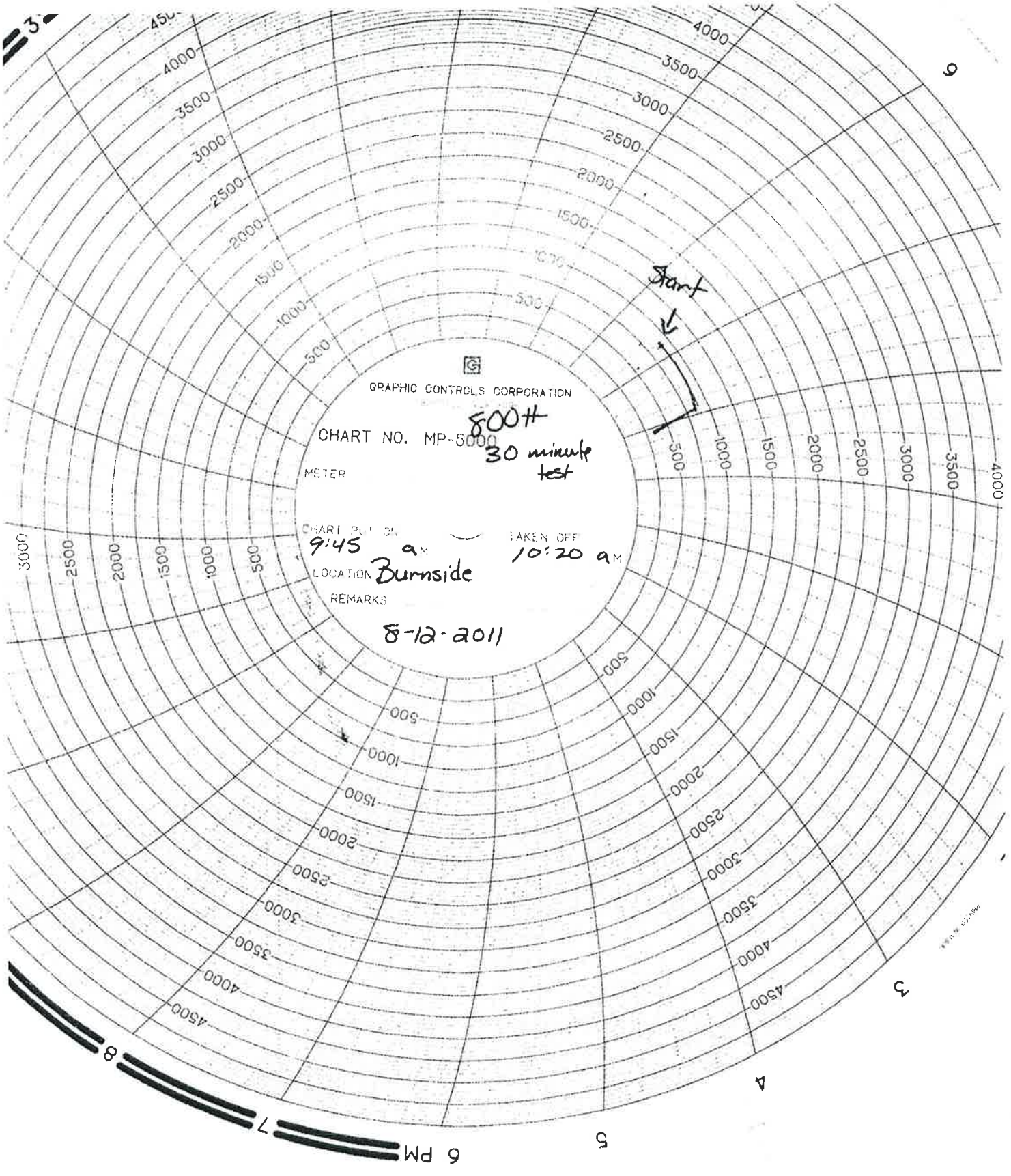
DEC 2 6 2012
DIV. OF OIL, GAS & MINING



RECEIVED

DEC 26 2012

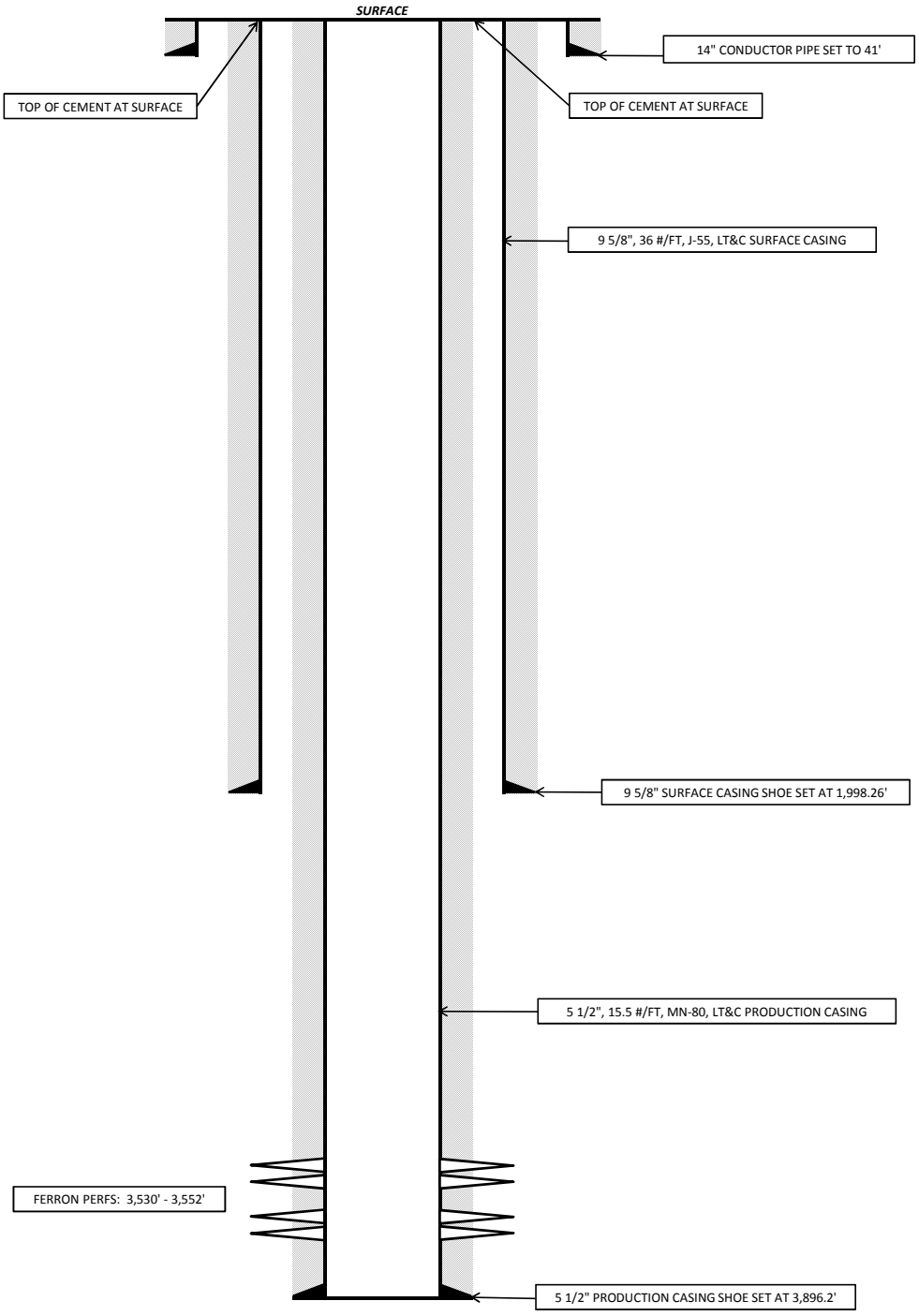
DIV. OF OIL, GAS & MINING



RECEIVED
DEC 26 2012
DIV. OF OIL, GAS & MINING

GORDON CREEK STATE 3-20-14-8

WELLBORE SCHEMATIC AS OF 4/18/2013



RECEIVED: Apr. 19, 2013

GORDON CREEK STATE 3-20-14-8

CALCULATED RESERVOIR PRESSURE

SFC CSG VENT FLOW?	*JTS TO FLUID*	*AVG JT LENGTH*	*ANNULAR FLUID LEVEL*	*SICP*	*SITP*
(yes/no)	*(#)*	*(ft)*	*(ft)*	*(psi)*	*(psi)*
NO	54	32.4	1749.6	0	N/A

CALCULATED RESERVOIR PRESSURE (at top perf)

= SICP + WATER GRADIENT

= 0 psi + ((3,530' - 1,749.6') X 0.052 X 8.3 #/gal)

= 768 psi

768 psi is a normal pressure for the Ferron formation in the area. Additionally, 0 psi SICP at surface and no surface casing vent flow indicates there are no leaks in the production casing annulus and no counter-flow to or from any other zone.

RECEIVED: Apr. 19, 2013

GARY R. HERBERT
Governor
SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director
Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

May 27, 2014

Via FedEx

Barry Brumwell
Vice President of Operations
Thunderbird Energy / Gordon Creek, LLC
#800, 555 – 4th Avenue S.W.
Calgary, Alberta, Canada T2P 3E7

Subject: Oil and Gas General Conservation Rule R649-3-36 - Shut-in and Temporarily Abandoned Wells

Dear Mr. Brumwell:

The Division of Oil, Gas and Mining (the "Division") issued Gordon Creek LLC c/o Thunderbird Energy (Gordon Creek) a Shut-in and Temporary Abandonment Notice of Violation (NOV), dated November 12, 2012, for the following seven (7) wells:

Burnside 29-14-8	API	43-007-30725	SI/TA approval - May 1, 2014
Gordon Creek ST 1-30-14-8	API	43-007-31235	SI/TA approval - Feb 1, 2014
Gordon Creek ST 4-18-14-8	API	43-007-30881	SI/TA approval - May 1, 2014
Gordon Creek ST 2-20-14-8	API	43-007-30883	Subsequent Sundry 2/15/2013 For Record Only
→ Gordon Creek ST 3-20-14-8	API	43-007-31233	SI/TA approval - May 1, 2014
Gordon Creek ST 2-29-14-8	API	43-007-31234	SI/TA approval - Feb 1, 2014
Gordon Creek ST 19-14-8(B)	API	43-007-30807	SI/TA approval - May 1, 2014

In response to the NOV, the Division and Gordon Creek held a December 2012 conference call. Gordon Creek stated they had capital for equipping the field with well-site separators, electrification, pumping equipment and pipelines. Gordon Creek also stated they had capital for drilling additional wells in the field and committed to meeting shut-in well requirements for the above subject wells. Gordon Creek submitted a letter dated December 18, 2012, stating that it conducted casing integrity tests on all of the subject wells between July and September of 2010. Similar tests were also conducted on five (5) of the subject wells in 2011. The integrity tests were submitted to the Division. In addition, Gordon Creek submitted a letter dated December 19, 2012, specifically outlining its 2013 field development plans to electrify parts of the field, recomplete the Gordon Creek ST 4-18-14-18, Gordon Creek ST 3-20-14-8 and Gordon Creek ST 2-29-14-8 wells and drill 20 new additional wells. The Division later granted shut-in and temporary abandonment approvals for six (6) of the seven (7) wells listed above based on submitted sundries meeting shut-in extension requirements and the field plans described in the December 2012 letters with the understanding Gordon Creek would keep the Division updated on field development and any changes to the plans.

If any of the above proposed work was accomplished last year Gordon Creek did not keep the Division informed. We reviewed the Gordon Creek ST 4-18-14-18, Gordon Creek ST 3-20-14-8 and Gordon Creek ST 2-29-14-8 well files and did not find any notices of intent for recompletion or subsequent recompletion sundries for the wells. If work was done on the wells please submit sundries

immediately for the well files. Also, the above extended shut-in approvals required periodic pressure and fluid monitoring to ensure ongoing integrity of the wells. The periodic monitoring should have also been submitted to the Division on individual well sundries for Division review and well files. Shut-in extensions for two of the above wells expired February 1, 2014 and the other four expired May 1, 2014.

As of the date of this letter Gordon Creek currently have seventeen (17) shut-in wells, the above listed seven wells and the following ten (10) new wells:

Gordon Creek ST 1A-18-14-18	API	43-007-30892	Last Prod – June 2013
Gordon Creek NE-31-13-8	API	43-007-50243	Last Prod – May 2013
Gordon Creek NE-32-13-8	API	43-007-50245	Last Prod – March 2013
Gordon Creek SW-32-13-8	API	43-007-50246	Last Prod – June 2013
Gordon Creek NW-5-14-8	API	43-007-50248	Last Prod – July 2013
Gordon Creek ST SW-7-14-8	API	43-007-50242	Last Prod – May 2013
Gordon Creek ST SE-B-7-14-18	API	43-007-50255	Last Prod – April 2013
Gordon Creek NW-32-13-18	API	43-007-50244	Last Prod – Jan 2014
Gordon Creek NW-31-13-8	API	43-007-50250	OPS – Spud Feb 2012
Gordon Creek SE-32-13-8	API	43-007-50247	OPS – Spud Jan 2012

The operator is responsible to file, yearly, for extended shut-in or temporary abandonment for wells shut-in or temporarily abandoned for a period of twelve (12) consecutive months. Gordon Creek must file a Sundry Notice providing the following information for each of the above seventeen listed wells; reasons for shut-in or temporarily abandonment of the well, length of time the well is expected to be shut-in or temporarily abandoned and an explanation and supporting data showing the well has integrity (R649-3-36.1). After review the Division will either approve the continued shut-in or temporarily abandoned status or require remedial action (R649-3-36.2). After five (5) years of non-activity or non-productivity, the well shall be plugged in accordance with R649-3-24, unless approval for extended shut-in time is given by the Division upon a showing of good cause by the operator (R649-3-36.3). Please note, six (6) of the seventeen wells listed above have been shut-in over five (5) years.

Gordon Creek has until **June 30, 2014,** to submit sundries, for the subject wells, in accordance with **Oil and Gas Conservation General Rule 649-3-36 Shut-in and Temporarily Abandoned Wells.**

Should Gordon Creek not meet shut-in and temporarily abandoned well requirements, the Division is prepared to file a Notice of Agency Action (NAA) for Commencement of Informal Adjudicative Proceedings (R649-10-3) for this matter in accordance with Oil and Gas Conservation General Rule R649-10 Administrative Procedures.

If you have any questions or need further assistance, please feel free to contact me at clintondworshak@utah.gov or 801-538-5280 or Dustin Doucet, Petroleum Engineer, at dustindoucet@utah.gov or 801-538-5281.

Sincerely,

Clinton Dworshak
Oil and Gas Compliance Manager

CLD/js
cc: John Rogers, Oil & Gas Associate Director
Dustin Doucet, Petroleum Engineer
Well Files
Compliance File

BEATTY & WOZNIAK, P.C.

ATTORNEYS AT LAW

7440 CREEK ROAD, SUITE 250
SANDY, UTAH 84093
TELEPHONE (801) 566-8446
FACSIMILE (801) 566-8447
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CASPER
CHEYENNE
DENVER
SALT LAKE CITY
SANTA FE

BRIAN A. TAYLOR

(801) 676-2307
BTAYLOR@BWENERGYLAW.COM

December 24, 2014

Clinton Dworshak
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 300
Salt Lake City, UT 84116

Dear Clint:

The purpose of this letter is to place in writing the agreement between Gordon Creek Energy, Inc. ("Gordon Creek") and the Utah Division of Oil, Gas and Mining (the "Division"), in order to satisfy the requirements of the August 4, 2014 Division Bonding Order (the "Order") issued by the Division.

At a meeting between Gordon Creek and the Division at the offices of the Division on Wednesday October 29, 2014, the Division and Gordon Creek discussed the various issues associated with Gordon Creek's operations in Utah and the impact the Order has on those operations. As a result of those discussions, it is understood by the Division that Gordon Creek is in the process of obtaining both short term and long term financing to enhance its operations in the State of Utah and that securing this financing is essential for Gordon Creek to acquire the necessary bonding for its wells in the State of Utah. It is anticipated that Gordon Creek will obtain some of this financing in early December 2014. Based on the receipt of those funds, Gordon Creek and the Division agreed to the following terms and conditions to withhold enforcement of the Order:

1. The funds obtained in December of 2014 will be used to re-work Gordon Creeks existing shut-in wells and improve the existing infrastructure of Gordon Creeks operations in the State of Utah. It is anticipated that all re-working activities will be completed by the end of December 2014 for the following wells:

API No.	Well Name
43-007-30881	Gordon Creek 4-18-14-8
43-007-30892	Gordon Creek 1A-18-14-8
43-007-50242	Gordon Creek SW 7-14-8

43-007-50243	Gordon Creek NE 31-13-8
43-007-50244	Gordon Creek NW 32-13-8
43-007-50245	Gordon Creek NE 32-13-8
43-007-50246	Gordon Creek SW 32-13-8
43-007-50248	Gordon Creek NW 5-14-8
43-007-50249	Gordon Creek NE 5-14-8
43-007-50255	Gordon Creek SE B 7-14-8

2. Given the winter closure requirements of the Utah Division of Wildlife Resources, from December 1, 2014 until April 15, 2015, and the amount of surface disturbance required to rework the wells, all re-working activities will be completed by June 30, 2015 for the following wells:

API No.	Well Name
43-007-30725	Burnside 29-14-8
43-007-30807	Gordon Creek ST 19-14-8(B)
43-007-30883	Gordon Creek ST 2-20-14-8
43-007-31233	Gordon Creek ST 3-20-14-8
43-007-31234	Gordon Creek ST 2-29-14-8

3. Gordon Creek will provide Sundry Notices to the Division on the progress of these well and infrastructure activities as required by the Well Workover and Recompletions rule, Utah Admin. Code R649-3-23.

4. The Division will not require Gordon Creek to provide bonding for all of its well locations at once, but will allow it to acquire the necessary depth bonding as described in R649-3-1(5.3) to cover the equivalent of four wells at a time at the rate of $30,000.00 per well.

5. The existing $120,000.00 blanket bond and the future bonding or surety, provided by Gordon Creek, as outlined in Paragraph 7 below, will cover all of the wells listed on Schedule A of the Order as two separate blanket bonds. In the event it becomes necessary to use proceeds from the blanket bonds, the Division will apply the proceeds to any one or more of the wells listed on Schedule A at its discretion. As such, if the plugging of a well, or group of a wells, cost less than the estimated $30,000.00 as outlined in R649-3-1(5.3), the Division can use the remaining amount to plug and/or reclaim any of the other wells and well sites on Schedule A.

6. The first payment of $120,000.00 covering the equivalent of four wells will be due and payable by February 27, 2015.

7. Gordon Creek will make additional $120,000.00 payments every three months until all of the existing shut-in wells listed on Schedule A of the Order are fully covered. These additional payments will be due on or before May 29, 2015, August 31, 2015, and November 30, 2015, with a final payment covering any outstanding amounts by February 27, 2016.

8. In the event Gordon Creek obtains additional long term financing prior to February 27, 2016, it will pay any remaining amount owed to have depth bonding on all of its wells in the State of Utah within 30 days of the closing date of the additional financing.

9. The Division will conduct a surface inspection of the wells listed as "Location Abandoned" on Schedule A of the Order to determine if any reclamation work is needed. In the event no reclamation work is needed, the $1,500.00 bond requirements listed for those lands will be removed from the total amount owed by Gordon Creek.

10. When Gordon Creek has satisfied the requirements for a blanket bond under R649-3-1 (6), the Division will release all additional bonding required by the Order upon the request of Gordon Creek.

If I have accurately stated our agreement and understanding, please sign below and return to me at your earliest opportunity.

Respectfully,

Brian A. Taylor
Attorney for Gordon Creek Energy

Gordon Creek Energy, Inc.

Rupert Evans
President

The above correctly sets forth our agreement and understanding

Utah Division of Oil, Gas and Mining

Date: 12/30/14

Clinton L Dworshak

By: Clinton Dworshak
Compliance Manager

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5056.0002
334073
cc: John Rogers, Associate Director
Dustin Doucet, Petroleum Engineer
Douglas J. Crapo, Assistant Attorney General
John Robinson Jr., Assistant Attorney General